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Established 1887

As Violence Continues

Fukuda May Delay Opening of Airport

By Andrew H. Malcolm

TOKYO, March 27 (NYT)—Calling yesterday's violent protest attack on Tokyo's new International Airport "a challenge to social order and democracy," Premier Takeo Fukuda held an emergency Cabinet meeting today to discuss countermeasures against the militant radicals and possible postponement of the airport's opening.

[More than 1,000 riot police tonight swarmed over a giant fortress used by leftist demonstrators at the airport, Reuters reported. Radicals fighting against the opening of the airport had fled into the three-story concrete bunker. Police rushed the building and began slicing into its steel and concrete sides with cutting torches. Within minutes they were pouring inside to round up the rest of the protesters, the hard core of thousands of students, farmers and leftists opposed to the airport.]

As Japan continued its most massive police mobilization in almost two decades, there were indications that the conservative government planned a hard stand against the bands of radical youths who outwitted 14,000 riot police yesterday to temporarily seize the airport's vital, but unguarded, control tower and destroy its sensitive array of radio, radar, guidance and lighting equipment.

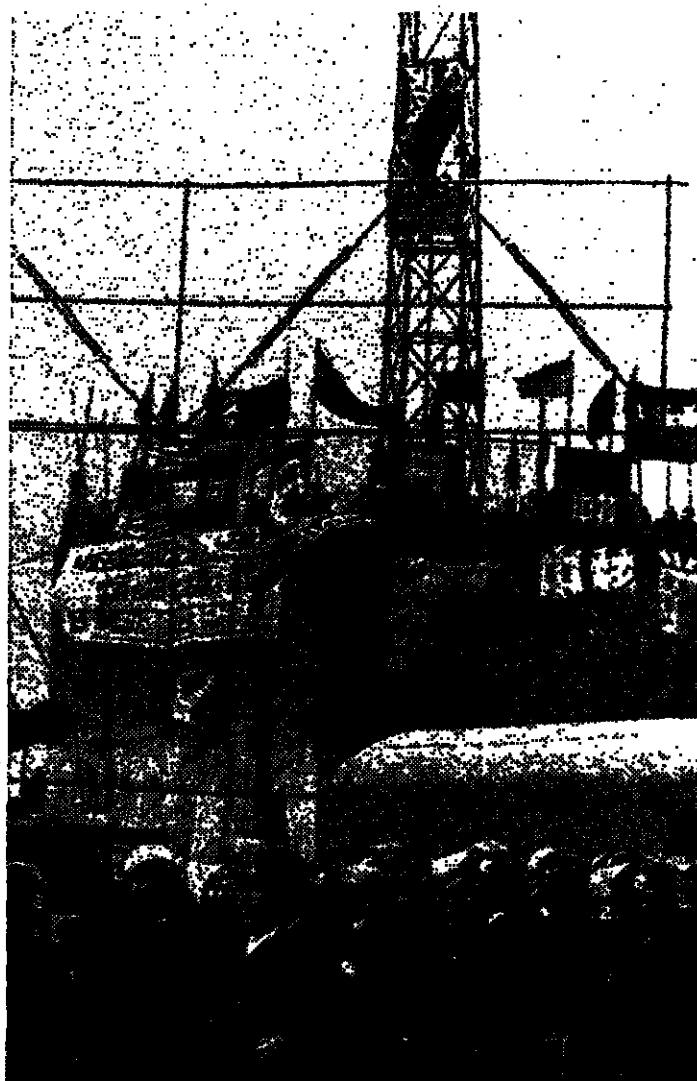
"This is something we must respond to," said the 74-year-old Premier who has staked his administration's prestige on formally opening the controversial new airport by the end of the current fiscal year on Friday. The first landing was originally scheduled for next Sunday. Now results of today's ministerial meeting were announced and another special Cabinet session was set for tomorrow.

Government damage assessments were said to be incomplete today. But aviation experts said it was virtually impossible for the four-square-mile field to be operational on schedule. Opening of the \$2.9-billion airport has already been delayed more than five years by a series of protests and confrontations between authorities, farmers and radical youths. Five persons were killed.

An air of expectancy hung over this island nation of 113 million tonight as the public awaited the next move in the 12-year controversy over the airport, sometimes called Narita for a nearby farm town. "The Narita issue is approaching its climax," the influential Asahi Shimbun editorialized today, "and the situation is grave."

Shortly after sunset police in asbestos coats and firing tear gas canisters and using powerful hoses from tall truck ladders launched an attack on the protest tower, which had been blocking the airport's approach path. At least four arrests were made.

Yesterday's battle, in which 56 persons were injured and 115 arrested in a three-hour melee of club-swinging and firebombing, was pronounced "a victory" by airport opposition leaders tonight.



Japanese police move in on the end of runway blockhouse and tower at Narita Airport, which they seized from the defenders.

The protesters' attacks on the airport perimeter and their running battles with police on the airport grounds diverted authorities' attention. Meanwhile, six youths, who entered the airport the previous day through underground sewer pipes, emerged from a man-

hole near the unprotected tower to begin their destruction with sledgehammers. "Guerrilla activities are not our main objective," said Issaku Tomura, an airport opposition leader who returned last week

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With Initiatives

Israel May Send Weizman To Renew Talks in Egypt

JERUSALEM, March 27 (UPI)—Israel is considering sending Defense Minister Ezer Weizman to Egypt to propose new secret initiatives to renew the momentum of the suspended Middle East peace talks, government officials said today.

Israel's Cabinet yesterday voted unanimously to support Prime Minister Menachem Begin and his Middle East peace policies and to authorize secret initiatives to start anew peace talks with Egypt. "Definite consideration is being given to sending Weizman

to Egypt," an official said. "It is being considered as a possibility." The officials said that there has been no decision as yet.

Mr. Weizman, who Egyptian President Anwar Sadat refers to as "My dear Ezer," was touring the Israeli front lines in southern Lebanon today.

The comments by the officials followed a report in the opposition Labor party newspaper, Davar, which said that there was a possibility that Mr. Weizman would go to Cairo "to guarantee the continuation of negotiations with Egypt in the wake of the se-

rious crisis resulting from Begin's talks in Washington."

Mr. Begin rejected several demands made by President Carter to soften Israel's negotiating stance with Egypt.

The direct Egyptian-Israeli negotiations were broken in mid-January when Mr. Sadat abruptly pulled his delegation out of the Jerusalem round of the talks. U.S. envoy Alfred Atherton since has tried unsuccessfully to get a compromise agreement that could be used as a basis for restarting the talks.

The vote of confidence in Mr.

Begin and his policies yesterday came after the Prime Minister reported on his talks with Mr. Carter last week.

Mr. Begin's open disagreement with Mr. Carter on Israel's withdrawal from Arab lands prompted reports that Washington was focusing on the differences to bring about internal political pressure on the Israeli Prime Minister.

Full Partner

The Cabinet said in a communiqué that it considered Mr. (Continued on Page 2, Col. 8)

Carter Asks Program Overhaul \$8.3-Billion Urged To Aid U.S. Cities

WASHINGTON, March 27 (AP)—President Carter today urged a major overhaul of U.S. programs as part of his \$8.3-billion plan to help cities cope with conditions ranging from economic decay to poorly controlled growth.

Key elements of the plan include creation of a National Development Bank, establishment of several job-creation programs, and several proposals to direct U.S. urban aid to states and neighborhoods.

The plan involves nearly every Cabinet department and four agencies. The President proposed 160 changes in 40 U.S. programs.

Mr. Carter's proposal for fiscal 1979 would authorize new spending of \$2.7 billion. In addition, it would provide \$1 billion in interest subsidies to business over 30 years, \$2.4 billion in tax reductions to stimulate business and job development and \$2.2 billion in loan guarantees.

State and local governments already receive \$85 in U.S. funds annually.

'Promise Dimmed'

"The promise of cities, which for many was the promise of America itself, has dimmed for people at all economic levels," a White House paper on urban policy said.

Administration officials say that the policy should reverse years of neglect in which U.S. government policies have often inadvertently subsidized urban sprawl and stunted central city growth.

A requirement that agencies prepare an urban impact analysis of all proposed programs was described by Patricia Harris, secretary of the Housing and Urban Development Department, as "the most important decision adopted by the President."

The bolstering of existing programs is crucial to the plan, Stuart Eizenstat, the President's chief domestic adviser, said.

Among the changes is a Pentagon commitment to make its purchases in distressed areas and a government effort to double purchasing from minority-owned businesses.

Other elements include initiatives by the Environmental Protection Agency to assist cities in meeting clean air and clean water standards and help urban companies meet emission requirements.

Mr. Carter weighed his urban strategy against his effort to balance the budget by 1981. Sources said that he rejected proposals that might have quadrupled the cost of the plan.

Proposed spending includes \$50 million for urban health clinics, \$150 million for home-rehabilitation loans, \$150 million for social services, such as day care. (Continued on Page 3, Col. 2)



FIRST SHIFT OUT—Miners in Appalachia, Va., return to ground level after their first work shift since the strike ended.

Others Return to Pits

Some U.S. Miners Honor A Construction Strike

WASHINGTON, March 27 (AP)—Miners refused to cross picket lines set up by striking construction workers at soft-coal mines in several states early today, but where there were no pickets, miners were back in the pits for the first time after their 110-day nationwide strike.

United Mine Workers members at some mines in Illinois, Indiana, Kentucky, Ohio, Pennsylvania, and West Virginia did not report for the 12:01 a.m. shift because of the picketing by mine construction workers.

Negotiations on a new contract for the 10,000 mine construction workers resumed today with both sides saying they were nearing an agreement. Union bargainers had urged their members not to picket. "We are making good progress," a spokesman for the mine construction industry said.

Union negotiator Norman Beattie said last night he wanted the miners to collect the \$100 bonuses offered by operators to workers who returned.

At Yankee Doodle Mine in Indiana, Superintendent R.A. Gagnon said that coal miners "tried to come to work but there were three pickets carrying signs which said, 'UMW-ABC on Strike.'"

Consolidation Coal Co., with headquarters in Pittsburgh, said 11 of its 51 mines in West Virginia, Pennsylvania and Ohio remained closed because of picketing by construction workers. A company spokesman said the pickets kept about 2,500 miners off the job. The firm employs about 16,000 miners. He said 98 per cent to 100 per cent of Consolidation's mines in southern West Virginia, an area in which miners voted strongly in favor of the new contract, were back in operation.

Four pickets at the Lucerne No. 6 portal of the Helvetia Coal Co. in Homer City, Pa., turned back several hundred United Mine Workers. No violence was reported at the Lucerne site, but groups of disappointed and angry miners gathered at the deep mine's gate, stomping their feet on the asphalt roadway after conferring with the staunch pickets.

"I'm losing \$500," said Rich Patterson, a 26-year-old roof bolter, who turns 27 Tuesday, making him eligible for triple-time pay in addition to a \$100 return-to-work bonus given him under the contract accepted Friday by the UMW rank-and-file miners.

It is believed that the construction workers want a contract comparable to that of the miners, whose three-year pact provides a 39-percent increase in wages and benefits, as well as the \$100 bonus for going back to work immediately. The miners had made \$7.30 an hour under the old contract.

Leader of the Red Brigades

Renato Curcio: Portrait of a 1960s Rebel

By Henry Tanner

ROME, March 27 (NYT)—Renato Curcio, a bearded man of 36 with a prominent nose and a deceptively placid expression, is the best known and most striking figure of the Red Brigades, the urban guerrilla group that shook the foundations of Italy by claiming to have abducted former Premier Aldo Moro and killing his five police escorts.

Curcio could have played no direct personal role in the attack; he has been in jail for more than two years. His only public appearances have been in the metal cage that is the dock for him and 11 other defendants standing trial in Turin.

Yet by exploring his background, and the backgrounds of those who joined his movement, one can get a sense of the social and political frustrations that over the last 15 years have produced a generation of extremists in Italy, young men and women who, whether they call themselves adherents of the left or the right, believe that violence is the only way to affect change.

Product of the '60s

Curcio founded the Red Brigades 10 years ago in Milan with several companions. A gifted sociology student with an equally gifted student wife, he is the product of the turbulent years of European student unrest in the late 1960s, when students in Paris occupied the Sorbonne and fought nightly street battles with the police while student radicals in Italy clashed regularly, and with increasing violence, with security forces on most campuses. The student revolution of the 1960s failed to shake the established order in Western Europe. Its greatest impact was not on the "ruling class," as the students had hoped, but on the rebels themselves, who were left even more deeply frustrated and estranged.

Curcio was a student at the University of Trento. He had chosen Trento because it was a new school with few traditions and a strong sociology department. Roberto Ognibene, Alberto Franceschini, Prospero Gallinari and other members of the Red Brigades—most of them from solid middle-class families—also were studying at universities in northern Italy at that time.

Turned to Violence

On campus, Curcio soon became a revolutionary, a frequent participant in endless ideological debates and an editor of a radical student review. He was known to rise at 6 a.m. to read Marx, Lenin, Mao, Che Guevara, Sartre and Henri Marcuse. He became a Communist, but found the Italian

Communist party unappealing; he took part in a futile attempt to organize a pro-Peking party. He had no taste for political violence and avoided clashes with the police. He was known as a theorist, not an activist. In his review, he argued that the time for violence had not yet come. Later, however, he took his revolutionary campaign from the campus to the poorest rural areas of Southern Italy. He joined protesting day laborers and was looking on when two laborers were slain in a clash with police. He decided then

that violence was the only way to achieve his goal of replacing the "oppressive" capitalist system with a communist "society of free and equal men," as he put it in a letter to his mother years later.

In an interview with the Italian weekly Europeo, also from prison, Curcio added that "class warfare" by urban guerrillas had to be launched even though—or because—Western Europe was not yet ripe for a full-scale armed insurrection by the proletariat. He took violent issue with Italy's

Communist party for its aim of a "historic compromise" with the bourgeoisie. He called instead for the left to make a "historic break" with the "oppressive classes." The Red Brigades' principal short-term goal is to break up the political cooperation between the Communists and the ruling Christian Democrats. The long-term goal is to break down the existing institutions.

Politically, the appeal of the Red Brigades is directed at young Italians who, like Curcio, have (Continued on Page 2, Col. 1)



Renato Curcio

Paris Hails Tough Tactics in Empain Case

By Joseph Fitchett

PARIS, March 27 (IHT)—French government officials tonight applauded the police tactics which led to the release without ransom payment of kidnapped industrialist Edouard-Jean Empain.

Interior Minister Christian Bonnet pledged to maintain a firm approach, warning that "criminals must understand that our society intends to defend itself...and not give way to ignoble blackmail."

French newspapers extolled the police success. Two days earlier, they had expressed concern for the life of Baron Empain, when police attempted to arrest some of the kidnappers trying to

collect \$9 million in ransom. One of the gang was killed in a shootout and three escaped from the police ambush, but another gang member, apparently a ringleader, was wounded and captured. Police said that he later made a phone call to his accomplices, urging them to free the baron.

In Seclusion

There was no immediate comment from Baron Empain, 40, who was in seclusion in his Paris apartment. Police confirmed that Baron Empain had lost the tip of his little finger—which was amputated by the kidnappers and sent to his wife with their demands. Police quoted the baron as saying that during his two months' captivity, he was

kept hooded and chained to a bed and denied medical treatment for his finger. Otherwise, he was unharmed, but exhausted by his ordeal, police said.

What remained unclear from the police statement was the extent of cooperation between the Empain family and the police in the case.

Readiness to make a ransom payment had been indicated by the Empain family, and the baron's wife made several mysterious trips to neighboring countries, apparently attempting to contact her husband's captors.

However, French authorities consistently opposed any payment. French officials argue that paying ransoms serve only to encourage new kidnappings.

In the Empain case, it was unclear whether there was any conflict of priorities between the police's tough approach and the family's concern for the baron's safety.

To ambush the kidnappers, police in an unmarked car trailed a man described as an Empain family confidant and carrying a supposed ransom to a rendezvous fixed by the kidnappers Friday on a highway south of Paris.

The man taking the ransom, police sources disclosed, was an undercover agent claiming to be an Empain aide and carrying cut-up newspapers covered by a few Swiss francs.

There has been no confirmation (Continued on Page 2, Col. 4)

Foreign Policy Counterestablishment Rises in Washington

By Richard Burr

WASHINGTON, March 27 (NYT)—As the Carter administration moves into its second year, a foreign policy "counterestablishment" is emerging here, critical of its conduct of international affairs and waiting to inherit the trappings of power.

The loosely knit group of academic figures and former officials has begun to fill the void created last year when an earlier group of outsiders left such places as the Brookings Institution to take choice jobs in foreign policy in the new administration. Like their predecessors, the new outsiders hope that by staying close to the levers of power they will get the chance to exercise them some day.

They have not focused on the cluster of research institutes favored by outsiders during the

Nixon-Ford period, settling instead in think tanks, such as the American Enterprise Institute or the Georgetown Center for Strategic and International Studies, known for a more conservative outlook on foreign policy. Like their more liberal-oriented counterparts, these centers are able to offer good salaries and pleasant offices through the largesse of private foundations and donations from wealthy businessmen and government-funded research contracts.

Way to Advertise

Some members of the new counterestablishment, like former Secretary of State Henry Kissinger, hardly need publicity, but younger and less experienced foreign policy specialists know that serving with a prestige-laden think tank is one of the best ways to advertise one's

Loosely Knit Group of Academics Fills Void Left by Those in Power

availability for future government service.

Accordingly, they spend their time giving lectures and attending time, writing for learned journals and newspaper editorials and telephoning their friends in government to keep abreast of developments.

"It's a nice life-style," a long-time observer of the Washington scene commented. "But you know, most of them would happily give it up for the chance to put in a 14-hour day as a high or middle-ranking official in the State Department, the Pentagon or the National Security Council."

For the time being, they must content themselves with draft-

ing reports, issuing studies and hoping to influence policy from afar. In the process they have begun to pose problems for the White House, which has moved in recent weeks to assure critics that the administration intends to maintain a strong defense position and to deal firmly with the Soviet Union.

Rise to Prominence

The counterestablishment phenomenon began during the late 1960s, when some officials in the Kennedy-Johnson regime decided to stay in Washington after Richard Nixon was elected president. A group of young specialists, gathered at congenial spots such as the Brookings

Institution and the Carnegie Endowment for International Peace, gradually rose to prominence by taking potshots at the Nixon administration's policies in Vietnam and toward the arms control talks with Moscow. Not surprisingly, many quickly moved into government when President Carter assumed office.

This migration has left something of a vacuum at the Brookings Institution, where its former director of foreign policy studies, Henry Owen, has gone on leave to coordinate summit meetings for Mr. Carter. Its former head of defense analysis, Barry Blechman, has become an assistant director of the Arms Control and Disarmament Agency.

The Carnegie Endowment, meanwhile, experienced its own brain drain when Richard Hol-

brooke, editor of Foreign Policy, became assistant secretary of state for Far Eastern affairs and Thomas Halstead, who ran the endowment's arms control studies, became Paul Warnke's public affairs chief at the Arms Control Agency.

Notable Instance

If the turnover in administrations came as a blow to some think tanks, it has come as a boon to others. The most notable instance involves the Georgetown Center for Strategic and International Studies, whose chairman, David Abshire, has enticed Mr. Kissinger and several of his former aides to install themselves in its new office, four blocks from the White House.

Joining Mr. Kissinger last month, in addition to the aides and Secret Service men who accompanied him from the State (Continued on Page 2, Col. 8)

Hostage May Tell Political Secrets

Italy Fears Revelations by Moro

By Louis B. Fleming

ROME, March 27—Many Italians are anxious about what former Premier Aldo Moro may tell his abductors. "He knows where all the bodies are buried," a diplomat said, referring to his knowledge of domestic political affairs. He also knows many government secrets.

A "people's trial" of the former premier has been ordered by the Red Brigades, the terrorist organization that claimed responsibility for abducting him and killing his five guards March 16.

Some political leaders, who could be among the most embarrassed by disclosure of some political activities, already have started defensive maneuvers.

Some sources have suggested that Mr. Moro would talk only if he were drugged. It also has been proposed that the press should ignore any statements attributed to Mr. Moro on the grounds that their publication would harm the country, and that press coverage is obstructing the investigation and encouraging the extremists.

Apart from domestic political considerations, officials are concerned that in a so-called trial, Mr. Moro might be forced to disclose the state secrets he learned

while he was foreign minister and premier.

A similar trial of a Red Brigades prisoner embarrassed Italy four years ago. The Red Brigades were effective in obtaining information when they held Mario Sossi, a Genoa judge, prisoner for 35 days in 1974 before releasing him in an aborted deal to free ultra-leftist prisoners.

Initially, it was reported that Mr. Sossi had been abused and drugged. But he has since made clear that he was not mistreated and that the only medication he received was for sleeping, which he felt had affected his thinking at times. It now appears that the psychological impact of imprisonment and interrogation—not drugs—broke him.

The Red Brigades are thought to be more interested in political secrets, rather than Mr. Moro's knowledge of security and strategic affairs, to obtain information that would support their charge of total corruption in Italian society. They see as the only cure armed revolution and construction of a workers society based on a Marxist model.

In questioning Mr. Moro, they are most likely to concentrate on the often scandal-ridden tangle of

relationships that makes up Italy's power structure.

Mr. Moro was premier when there was an abortive conspiracy of neo-Fascists to overthrow the government. He was foreign minister when the Lockheed bribery case took place and was in the cabinet from which two ministers were indicted.

Moro's own Christian Democratic party has been involved at all levels of government in scandals, and is said to have close ties in southern Italy with the Mafia.

The Communist party must have apprehensions of its own. Mr. Moro devised the plan that brought the Communists into the parliamentary majority last month for the first time in 31 years. The details of those arrangements have not been made public. The Red Brigades believe that the Communist party has betrayed the true cause of Marxism.

Mr. Sossi never faced a trial of the kind the guerrillas are threatening for Mr. Moro. By his own account, Mr. Sossi was interrogated by two masked men, for from two to five hours a day, many times during his captivity.

At the end of 18 days of Mr. Sossi's captivity, the Red Brigades said that he had confessed that the intelligence agencies of the government, the military police and the local police forces had conspired with the courts against eight extremists who were on trial at the time. Names of those allegedly responsible for the secret agreements were included. Before it was over, the Sossi case had involved the premier, the Parliament, all of the agencies of public order, the judiciary, and finally, in an appeal for release, the Vatican.

Mr. Sossi wrote a moving account of his imprisonment, which was published last week in the newspaper *Il Giorno*.

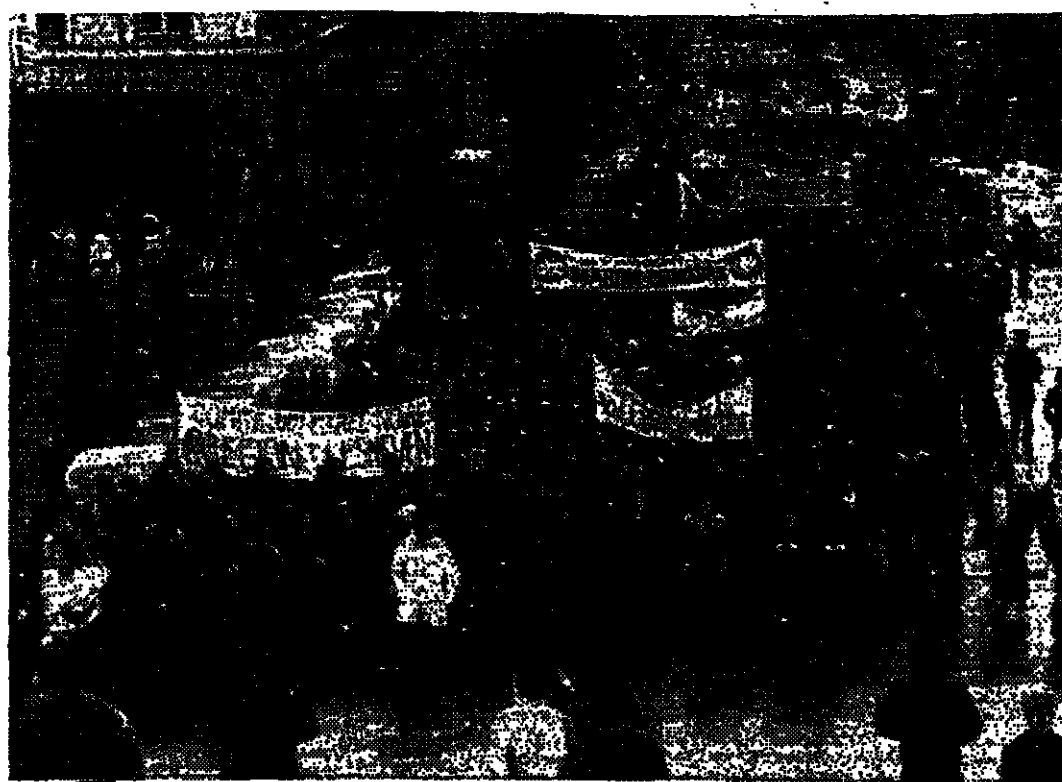
He said that in a cell 6 by 7 feet and not quite 6 feet high, he experienced "impotence and anger, stupor and desolation, loneliness and desperation—moments of serenity, of hope, of cold introspection, of careful observation of the guards, not knowing one's fate until the last, not distinguishing day from night, minutes that last hours, hours that last days."

"The acoustical isolation, a terrible sensation, upsetting," he wrote. "The crisis of sadness, beating fists against the deaf and stuffed walls of the cell; the distant echo of indefinite sounds that fantasy transforms into threatening and enemy voices."

"Far away, the harking of a door, weak and pallid evidence of what is beyond the four walls, where free men live and move about. And you know that it is spring, you know that only two meters away is freedom."

"And then it seems a nightmare, instead, desperate and impotent, you are totally at the mercy of absurd standard-bearers of a mad and bloody ideology, obtuse and evil."

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About 15,000 demonstrators march through Brest to protest the pollution of Brittany's coast.

Open All Available Hatches

French Try to Sink Leaking Tanker

BREST, France, March 27 (AP)—French Navy experts yesterday opened all available hatches on the wrecked supertanker Amoco Cadiz in an effort to sink the vessel and release all possible oil quickly to end the long-term pollution menace, an Amoco spokesman announced today.

Officials gave no explanation for the 24-hour delay in announcing the measures, and a French Navy spokesman today was still talking of plans to dynamite the hull.

The statement by Harry Rinkema, Amoco vice-president for marine transportation, said that the company, the insurers, the salvage contractors and the navy agreed to the operation early yesterday as the only viable plan under prevailing circumstances.

The statement said that the French Navy had repeated that its objective was to stop the continuing pollution from the tanker wrecked March 17 as soon as possible. That would allow prompt and effective cleanup by crews and equipment already mobilized and in place.

In Brest, meanwhile, police used tear gas to disperse several thousand ecology demonstrators who several times tried to storm the headquarters of the maritime police to protest one of the world's worst coastal oil spills.

No Injuries

Two ambulances rushed to the scene but there were no reported injuries. In a related development, French officials said today that they expect the cost of the cleanup and damage claims from the Amoco Cadiz oil spill to far exceed \$30 million, the maximum which insurance companies are required to pay for such a pollution disaster.

Amoco, the U.S. oil company that owns the supertanker, in-

sured the ship for \$12 million. The oil, owned by Shell, is insured for \$20 million. Experts say that there are no legal steps that France can take to claim damages of more than \$30 million, the limit set by an international agreement which France ratified.

Christian Gerondeau, national civil defense director, said today that he was "talking to people" about the cost of the cleanup and damages from the worst oil spill in history.

\$2 Million a Day

Citing examples of the cleanup costs, he said that the fleet of vessels spraying chemicals on the oil slick at sea is costing \$2 million a day, and that six oyster farmers estimate their losses will reach

\$1.3 million. But he would make no estimate of the total.

Since the tanker ran aground March 17, about 56 million gallons of oil have spewed from the ship and have washed up on the beaches or formed a huge oil slick floating offshore about 90 miles to the east of the wreck.

A very thin sheen of oil was reported drifting toward the Channel Islands, but the extent of that threat was still not clear.

Farmers along the coast are using tractors and fertilizer pumps to gather oil as it washes up on the shoreline.

About 1,000 oil-coated birds have been found, but a French government ecologist said that was "considerably less than one might expect from an oil slick of this magnitude."

Carter Messages Sadat About Talks With Begin

CAIRO, Egypt, March 27 (UPI)—President Carter has sent a message to President Anwar Sadat about his talks last week with Israeli Prime Minister Menachem Begin.

The message was carried by Egypt's ambassador in Washington, Ashraf Ghorbal, who flew to Cairo today. Mr. Carter and Mr. Begin disagreed openly during their crucial talks, prompting the U.S. President to say that peace looked "far away."

The Middle East news agency said that Mr. Ghorbal conferred before his departure from Washington with Secretary of State Cyrus Vance and several congressmen to discuss the failure of the Carter-Begin summit.

An "optimistic" Mr. Sadat said

yesterday that despite the setback a peaceful settlement of the Middle East conflict could be realized "in a matter of days" if Israel agreed to respect the sovereignty and territorial integrity of its Arab neighbors.

Speaking to a visiting delegation of American professors, Mr. Sadat acknowledged that he could only insure Israel's security "from the direction of our border, in Sinai." Other threats, such as the March 11 Palestinian guerrilla raid near Tel Aviv in which 34 persons were killed, will be eliminated "if we proceed directly to the core of the problem, which is the Palestinian question," Mr. Sadat said. "Once we solve it, then 90 per cent of these issues will be solved automatically."

Paris Hails Tactics in Empain Case

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tion from the Empain family that it was privy to the police ruse.

Working on information obtained from the man arrested in the ambush, police continued to hunt for the rest of the gang, which they said was made up of about a dozen men.

The arrested man was identified as Alain Caillol, 36, who led a double life until his arrest Friday. Ostensibly, he was a successful bookshelf salesman, who lived quietly with his wife in southern France.

Hired for Ransom

However, he made frequent business trips and police suspect him of being implicated in Swiss and French kidnappings. Police said that Mr. Caillol claimed that he had been hired simply to pick up

the ransom for a gang so tightly compartmentalized that he did not know the identity of the man behind the operation. However, police suspect that Mr. Caillol him-

self had a leading role in the affair.

While being questioned by the police, Mr. Caillol was warned that he would be "held responsible"—and presumably face a death sentence—if Baron Empain were killed, French newspapers reported.

He reportedly agreed to call his accomplices from Paris police headquarters and told them simply: "It's over. They'll never pay [the ransom]. Let him go."

Three hours later, Baron Empain was pushed out blindfolded, from a car driven by two men in ivory, a working-class suburb south of Paris, the baron later said.

He had enough money to take a subway to the Place de l'Opera and telephone his wife, who picked him up there as he waited, apparently unrecognized in the Easter weekend crowd. Baron Empain went home to rest before talking to police late last night.

Drugs Seized Off Texas

GALVESTON, Texas, March 27 (UPI)—Four men were jailed and 20,000 pounds of marijuana seized yesterday in the boarding of a Texas shrimp boat off the Yucatan Peninsula.

Shifts Not Explained

Assad Appoints Premier, Replaces Air Force Chief

BEIRUT, March 27 (NYT)—President Hafez al-Assad of Syria today appointed a new premier and an air force commander in an important political and military reshuffling.

He asked Mohammed Ali al-Halabi, the speaker of the parliament, to form a new government after he accepted the resignation of Premier Abdul Rahman Khleifawi. At the same time, he named Major Gen. Sobhi Haddad the new commander of the air force, replacing Maj. Gen. Naji Jamil.

Gen. Jamil, who is regarded as one of the pillars of the Syrian regime, has for two years overseen the Syrian truce force in Lebanon. This job had taken him away from day-to-day affairs of the air force. The announcement, carried by the official Syrian news agency, said that Gen. Jamil will devote his efforts entirely to his pan-Arab duties as a member in the leadership of the ruling Ba'ath Socialist party.

Gen. Haddad, who was second in command in the air force, is a career officer who was trained in the Soviet Union.

Military Campaign

Gen. Jamil was the architect of the 1976 Syrian campaign against the guerrillas in Lebanon that eventually gave the military advantage to the Lebanese Christians. Syria maintains 30,000 troops here that form the backbone of the Arab League peacekeeping unit that enforced the truce at the end of the civil war here 16 months ago. They are stationed north of the Litani River.

An announcement on

Damascus radio said that the President asked Mr. Khleifawi to remain in office until the new government is formed. The announcement gave no reasons for the changes, but shifts had been expected following the President's re-election last month.

The premier-designate is a long-time friend of the President. A Moslem from Damascus, Mr. al-Halabi has been speaker of the 195-member parliament since Mr. al-Assad came to power in a bloodless coup seven years ago.

Weizman Egypt Trip

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Begin's peace plan a "fair basis" for continuing peace talks.

"The government is ready for all actions," Cabinet spokesman Arye Naor said. "The government will take certain initiatives in order to advance the renewal of negotiations ... in order to reach and sign peace agreements."

He said that one such step would be Mr. Begin's reply to a letter from Egyptian President Anwar Sadat, but the others cannot be revealed because "disclosing them would lead to their failure."

In southern Lebanon meanwhile, U.N. peace-keeping troops were slowly taking positions along the confrontation lines between Israeli forces and Palestinian guerrillas. About a quarter of the 4,000-man U.N. force is in place.

All-Night Attack

BEIRUT, March 27 (AP)—The Palestine Liberation Organization accused Israeli forces of an all-night attack on guerrilla positions in southeast Lebanon.

There was no confirmation from Israel or neutral observers.

President Is Criticized

(Continued From Page 1)

Department to the Georgetown Center last year, was William Hyland, a key assistant during the Nixon-Ford years who had lingered in the Carter White House.

Although Mr. Kissinger's entourage is deeply involved in putting together the former secretary of state's memoirs, he is closely following foreign policy developments, meeting with nearly every important foreign visitor who comes here and sharing his thoughts with high ranking officials who make sure he is briefed on important issues.

Mr. Kissinger has been careful, however, not to become a vocal critic of the new administration, preferring instead to play the role of elder statesman. Though skeptical of Mr. Carter's human-rights policy and occasionally troubled by U.S. diplomacy in the Middle East, Mr. Kissinger, his aides stress, has made a conscious effort "not to rock the boat."

Outspoken Critic

This is not the case with several younger recruits of the Georgetown Center, who have mounted challenges to nearly every aspect of administration foreign policy. One of the most outspoken critics is Edward Luttwak, a former consultant to former President Gerald Ford's secretary of defense, James Schlesinger. Mr. Luttwak now says that the administration has made a "feist" of arms control negotiations with Moscow and is in the process of abandoning allies outside of Western Europe.

Another emerging voice in the counterestablishment is Michael Ledeen, the editor of Georgetown's new Washington Review of Strategic and International Studies. Mr. Ledeen has sought to make the journal a forum for debating administration policy, and he seems to be succeeding.

Another home for the counterestablishment is the American Enterprise Institute, which under William Baroody has attracted a staff of more than 100 in less than seven years.

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Oswald Was Recruited to Spy On Soviets, Ex-CIA Aide Says

By Nicholas M. Hornick

WASHINGTON, March 27 (NYT)—A former finance officer for the CIA has testified before the House Select Committee on Assassinations that his colleagues had told him Lee Harvey Oswald was a secret operative for the agency in Japan in the late 1950s.

James Wilcott, who said that he had served in the CIA from 1957 through April, 1966, contended in an interview that conversations with colleagues in the agency's Tokyo station after President John F. Kennedy's assassination on Nov. 22, 1963, persuaded him that Oswald had been recruited by the agency to infiltrate the So-

viet Union. Oswald had served as a marine in the Far East.

Mr. Wilcott said that he testified under oath Wednesday at a closed session of the committee, supplying the names of several CIA officials who might be able to give further details.

Robert Blakey, the committee's chief counsel and staff director, declined to comment on the testimony. However, an interim report issued by the committee indicated that, although it had conducted 1,400 field interviews, the committee had chosen to fly relatively few witnesses to Washington to obtain formal, sworn testimony.

According to several sources,

the committee was investigating Mr. Wilcott's testimony.

Mr. Wilcott said that he joined the CIA as a low-ranking finance officer in 1957 and was sent to Tokyo in 1960. At the Tokyo station, which was in a building that ostensibly housed U.S. Air Force personnel, Mr. Wilcott said, his responsibilities included making cash disbursements for projects identified only by code names called "cryptos."

Mr. Wilcott said that although the agency's traditions and regulations separated members of the support staff, such as himself, from intelligence officers and other officials, he fraternized with operational personnel while he was on occasional night-watch duty, in occasional off-duty conversations and at the teller's cage.

He said that in the months after Kennedy's death he had several conversations with personnel involved in covert operations. Those talks, he said, persuaded him that Oswald, who had been stationed at Atsugi Air Base, Japan, had been recruited to infiltrate the Soviet Union as a spy.

Recalls Conversation

Mr. Wilcott said that he could recall only one specific conversation, which took place shortly after Jack Ruby shot Oswald in Dallas. In an account of the conversation that he prepared for publication, Mr. Wilcott noted, "I was talking with someone, I can't recall who for sure, and I expressed disbelief about Oswald even being a CIA project. I was told something like, 'Well, Jim, so and so drew an advance sometime in the past from you for Oswald' or 'for that project under such and such a crypto.'"

"It was a familiar cryptonym to me at the time, which I have since forgotten, as well as the time that the advance of funds was drawn," he wrote.

Mr. Wilcott said that his memory was sketchy after 15 years, and there appear to be several discrepancies in his recollections. For instance, he remembered having learned of the Kennedy assassination on an afternoon flight of a private plane. However, Kennedy was shot at midday in Dallas, which would have been early the next morning in Japan.

Oswald served in the Far East from 1957 until November, 1958, and was discharged from the Marine Corps before Mr. Wilcott was sent to Tokyo. Mr. Wilcott said that he had been told that Oswald had been taken to Japan for questioning after returning from the Soviet Union in 1962.

There has been speculation about whether Oswald came under the control of the CIA in Japan. In a recent book, "Legend, the Secret World of Lee Harvey Oswald," Edward Jay Epstein describes Oswald's interest in the Russian language and his contacts with Japanese civilians.

But agency officials have denied under oath having ever recruited, trained or manipulated Oswald, and former senior agency officials have angrily denounced as irresponsible attempts to connect the agency to the assassination.

Pope Is Taking Rest After Easter Mass

VATICAN CITY, March 27 (AP)—Pope Paul, who celebrated Easter Sunday mass after two weeks of inaction due to influenza, rested today in his Vatican apartment.

As usual on the Monday after Easter, the Pontiff, 80, had no official functions or appointments. The Vatican has not announced whether the Pope will hold a general audience Wednesday.

The President also asked \$550 million for economic development. The National Development Bank, which faces opposition in Congress, would subsidize to 7½ per cent, and sometimes lower, the interest rates on loans to businesses that build or expand in distressed cities or rural areas. It would guarantee loans totaling \$11 billion, and coordinate economic development programs run by HUD and the Commerce Department.

Carter's Reaction a Jolt

Bureaucrats Scramble on Urban Plan

By David S. Broder and Susanna McBeck

WASHINGTON, March 27 (WP)—The urban policy recommendations that President Carter ordered on March 21 of last year were delivered promptly — one year later to the day.

They sat on the President's desk from late Tuesday until some time Thursday, when Israeli Prime Minister Menachem Begin's departure allowed Mr. Carter to take up domestic matters.

Mr. Carter began to read. He read and he wrote. By the time he left the White House for the Kennedy Center to see the premiere of the American Ballet Theater's "Don Quixote," he was two-thirds of the way through the thick document.

He awoke Friday at 5 a.m. and finished his reading and writing. Three hours later, the Carter administration's much-publicized urban policy statement, "all marked up," was back on the desk of his chief domestic policy adviser, Stuart Eizenstat. And the shock waves went out through the federal bureaucracy.

Mr. Carter did not like what he had been given. The bureaucratic mountain had labored from the Defense Department to the Peace

Corps on this one, and had brought forth a mouse. What was worse, the President smelled a rat.

"He had what he regarded as fairly serious questions about a number of the elements of the program," said an aide. "And those areas he didn't think were sufficiently justified he just nixed."

"People began to jump out of windows and call their mothers at home. It was right interesting for a while," the aide said. The process of putting the package back together was not as dramatic, but more lasting. Patricia Roberts Harris, secretary of the Department of Housing and Urban Development, the leading agency in the government's urban task force.

and HUD Assistant Secretary Robert Embury Jr. were summoned to the White House immediately.

Meetings Begun

Then began a series of meetings aimed at answering the questions that Mr. Carter had raised. The President's objections were not minor. Among the things he had marked for oblivion were a billion-dollar "soft public works" (maintenance jobs) program, social services, housing rehabilitation and a tax differential to busi-

nesses that locate in depressed areas. About half of the total package had been blue-penciled by the President.

But Mr. Carter was flexible. "The President asked his questions and got satisfactory answers and the nays turned to yeas in the vast majority of cases," an aide said.

But time was running out. A briefing for the weekly news magazines was scheduled for 2:30 p.m. It had to be postponed.

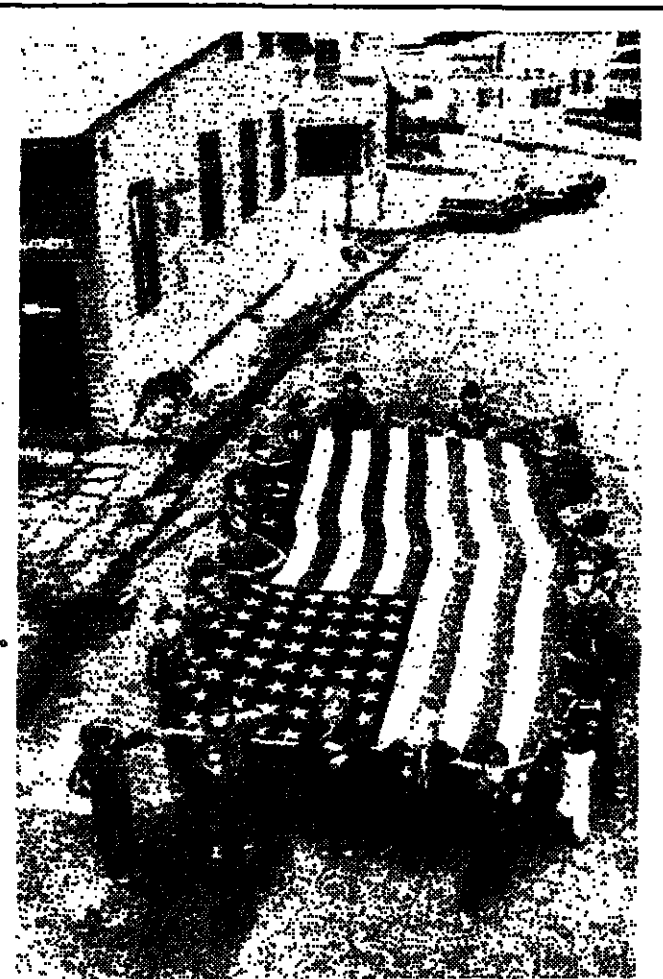
Instead, Mr. Carter met with Mr. Eizenstat, Vice-President Mondale, Budget Director James McIntyre Jr. and chief political aide Hamilton Jordan.

When asked if the President would be able to announce his program on schedule — just before leaving for South America and Africa — a White House aide said, "I don't know, but I think we're going to make it."

They did. At 4 p.m. Mr. Harris and Mr. Eizenstat began briefing reporters on details of the program.

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LITTLE MEN, BIG IDEAS—When the dry cleaner in Windsor, Vt., advertised an offer to clean for free any American flag for any nonprofit organization, he hardly expected the local Cub pack and Boy Scout troop to bring their impressive 30-foot-long flag in for special service.

High Incomes Defended

400 U.S. IMF Employees Protest Salary-Cut Plan

By Hobart Rowen

WASHINGTON, March 27 (WP)—A U.S. proposal to cut by 20 per cent salaries paid by the World Bank and the International Monetary Fund to U.S. nationals, and salaries paid foreigners by 5 to 10 per cent, has provoked dissent and growing hostility toward the Carter administration in those institutions.

In an unusual step, almost 400 U.S. citizens, or virtually the entire American contingent at the IMF, delivered a letter to Treasury Secretary Michael Blumenthal during the weekend, protesting that his efforts to cut pay had lowered morale.

The letter appealed to Mr. Blumenthal to disregard what were labeled "parisian policy papers in the Treasury Department" and other criticisms that "have created the general feeling that the fund is working in a hostile setting."

The World Bank, IMF and the Inter-American Bank, also affected by U.S. efforts to cut pay, are responsible for promoting international financial stability, especially among developing nations of the world. They have their headquarters here in Washington.

Comparable Pay

No one contests the fact that salaries at these institutions are higher than comparable pay in the U.S. government, but there is serious dispute over the size of the gap and even how to measure it. Treasury officials say that even if they succeed in their attempts to reduce compensation, the salaries will be 10 to 15 per cent higher than the U.S. Civil Service, and about equal to those in the U.S. private sector. These estimates are strongly disputed at the IMF and World Bank.

The international institutions insist they need to pay high salaries to attract and keep and keep a high-caliber and regionally diversified staff that views public service as a career.

They contend that in many foreign countries civil service and private-sector salaries now run above U.S. levels. They point, as well, to high and tax-free salaries paid by the United Nations, by the OECD in Paris and by the Common Market in Brussels.

Treasury officials proposed a larger pay cut for Americans because they receive a windfall through a tax-reimbursement system. This was designed originally to put them on an even footing with foreigners, whose interna-

tional institution salaries are not taxed at all by their governments.

To achieve this equality, the American salaries are "grossed up" by the amount of their federal and state tax liabilities. In other words, the institutions pay the Americans' taxes for them—about \$5 million by the IMF.

But the way the system works, the institutions assume that U.S. nationals take only the standard deductions. Since, in fact, most itemize their deductions, they receive a tax reimbursement often far in excess of their actual taxes.

Treasury officials have proposed that reimbursement either be for actual taxes paid, or based on averages that conform closer to reality. They would invoke that reform immediately, and phase an additional pay cut for all employees—foreign and American—by eliminating or drastically curtailing annual cost of living adjustments.

Wilfred Pickles, BBC Comedian, Dead at 73

LONDON, March 27 (AP)—Wilfred Pickles, 73, a well-known broadcaster, died today at his Brighton home.

Mr. Pickles ran the "Have a Go" radio show for the British Broadcasting Corp. for 21 years into the late 1960s, attracting a peak audience of 20 million weekly. He was noted for his Yorkshire dialect, catch phrases and swift repartee. His wife, Maed, also appeared in his shows.

He played in several films, including "Billy Liar," and on the London stage.

Ida Treat Bergeret

NEW YORK, March 27 (AP)—Ida Treat Bergeret, 89, a writer who taught English at Vassar and contributed articles and stories to major American and French publications, died Saturday in a nursing home in Poughkeepsie. Her first popular success was "Pearls, Arms and Hashish," an account in 1931 of smuggling based on her experiences aboard a ship. Her work appeared in Harper's, the Nation, the New Yorker and the Saturday Evening Post.

Lawrence Gubow

DETROIT, March 27 (UPI)—U.S. District Court Judge Lawrence Gubow, 59, who served as U.S. attorney for the Eastern District of Michigan from 1961 to 1968, died last night at Mt. Carmel Mercy Hospital. Judge Gubow was appointed to the federal bench by President Lyndon B. Johnson 10 years ago and was well known in Democratic party circles.

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Costa Rica Deadline Nears

Vesco May Have to Find a New Haven

By Alan Riding

SAN JOSE, Costa Rica, March 27 (NYT)—For the first time since his arrival here six years ago, the fugitive U.S. financier, Robert Vesco, faces the prospect of having to leave Costa Rica and finding another haven.

Costa Rican President-elect Rodrigo Carazo Odio has vowed to expel Mr. Vesco after he takes office May 8 because "the people of Costa Rica no longer want to continue suffering his presence here."

In an attempt to avoid being expelled, Mr. Vesco last month applied for Costa Rican citizenship, evidently hoping for action before the change of administration. Among witnesses supporting his application is former President Jose Figueres, who invited Mr. Vesco to move here from the Bahamas in 1972.

Meanwhile, Mr. Vesco has also been indicted on charges of fraud brought by a Costa Rican citizen who says that he was cheated of \$217,175 worth of mutual funds. Mr. Vesco paid \$40,000 in bail to stay out of jail.

Chances Hurt

The financier will not be allowed to leave the country until the case is resolved. And, the sources said, the case will almost certainly prejudice his chances for naturalization.

During the election campaign, Mr. Carazo criticized government corruption and said that it was symbolized by Mr. Vesco's activities here. But he added that the financier would not be extradited to the United States, where he faces indictment on charges of misappropriating \$224 million from his mutual-funds company, Investors Overseas Services, and of making illegal contributions to former President Richard Nixon's 1972 re-election campaign.

"The American problem is a separate problem," he said. "What concerns us is the problem of Costa Rica. We want Mr. Vesco to leave Costa Rica. He is an alien element in our society."

Speculation about where Mr. Vesco would go has centered on Paraguay, Panama, the Bahamas and Italy.

Domestic Pressure

The move to expel him seems to stem from domestic political pressures and, specifically, his close identification with the National Liberation party, whose candidate was soundly defeated by Mr. Carazo in the Feb. 5 presidential election.

In 1972, Mr. Figueres became a business partner of Mr. Vesco and promoted a law that blocked U.S. extradition of the financier. According to Mr. Figueres, Mr. Vesco also contributed funds to the campaign of the National Liberation party in 1974 when President Daniel Oduber Quirios was elected.

Although Mr. Oduber later revoked his predecessor's extradition law and last June asked the financier to leave Costa Rica, the outgoing President never used a law permitting him to expel "undesirable" foreigners.

Instead, he insisted that Mr. Vesco was not a Costa Rican problem and wondered why the United States was not more persistent in seeking his extradition. An extradition request by the United States was rejected by Costa Rica in 1973 and there has been no new request.

Last month's defeat of the National Liberation party candidate, Luis Alberto Monge, revived the Vesco controversy. As soon as

Mr. Carazo announced plans to expel him, Mr. Vesco applied for Costa Rican citizenship, pointing out that he had fulfilled the principal requirement of five years' permanent residence.

In his application, Mr. Vesco noted that he had renounced his U.S. citizenship in 1973 and had taken his father's Italian nationality. He also offered four local witnesses — his gardener, chauffeur and pilot as well as former President Figueres — to testify on his good conduct.

The Civil Registry, which has a reputation for total independence from the executive branch, will also receive affidavits opposing his naturalization. Mr. Carazo

has promised to add his protest as a citizen.

There is also speculation about what would happen to Mr. Vesco's investments in Costa Rica, estimated at \$20 to \$60 million, if he is forced to leave the country. There are reports that he holds several million dollars worth of government bonds, enough to cause an embarrassing shortage of liquidity for the new government if he cashes them in on short notice.

A Tribal Leader Is Assassinated In S.W. Africa

WINDHOEK, South-West Africa, March 27 (AP)—Chief Clemens Kapuuo, president of the pro-South African, Democratic Turnhalle Alliance and leader of the Herero tribe in South-West Africa, was shot and killed today by an unidentified assailant, a party official announced.

The chairman of the Turnhalle group announced the death. It was believed that Mr. Kapuuo died in the emergency section of the state hospital.

He was rushed there by police minutes after the assailant attacked him outside his store in the black township of Katutura and fired several bullets at him.

Police Brig. Victor Verster said that no arrests had been made and it was not yet known what kind of firearm the attacker used.

The assassination is bound to have a powerful impact on efforts to bring about an internationally acceptable end to South Africa's control of the disputed territory, also known as Namibia.

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Oil, Inflation and the Dollar

The Carter administration is now divided over whether—and when—to give up its crude-oil tax idea. The tax is caught up in the administration's great internal debate over the economy. Everything keeps coming back to three basic questions:

- How to reduce the consumption of foreign oil in the United States.
- How to reduce the inflation rate.
- And what to do about the decline of the U.S. dollar on the international currency exchanges.

The decline of the dollar frightens people in Western Europe and Japan, as much for the symbolic meanings that they read into it as for the purely economic effects. The United States has attempted to reassure them by promising to take action—to diminish inflation and cut oil imports. U.S. officials have taken that pledge so many times that the energy bill is, unfortunately, taking on a peculiar importance abroad. Mr. Carter is relying on that bill to pull oil imports down to safe levels in the 1980s, but it's been stuck since last fall in that interminable Senate-House conference. Viewed from across the water, the melancholy fate of the energy bill seems to demonstrate that the United States can't (or won't) carry out its commitments on oil. That, in turn, reinforces all of the anxieties over the sinking dollar.

The Treasury Department is in charge of worrying about the dollar. The energy bill would have restrained fuel consumption by a series of taxes making it gradually more expensive. The Treasury thinks that the time has come to give up on that part of the bill and go to a much quicker and more direct expedient—a stiff import fee on foreign oil. Taxes have to be enacted by Congress, but the Supreme Court has said that Mr. Carter has the authority to impose an import fee as a national-security measure.

On the other side of the question, the Energy Department is in charge of getting the energy bill passed. It isn't ready to abandon hope just yet. The forecast from the Energy

Department is that the long quarrel over natural-gas pricing will finally be resolved in early April, shortly after Congress returns from the present recess, and a compromise on taxes can then be worked out rapidly. As a matter of constitutional principle, it is obviously a great deal better to work through Congress, rather than circumventing it, in matters of this magnitude. But the Energy Department has consistently underestimated the difficulties of getting its bill enacted, and the approach of the November election is not making things any easier.

Mr. Carter has to decide how much more time to invest in strategy A, the bill with its taxes, before turning to strategy B, the presidential order imposing import fees on oil. Either the tax or the fee will be inflationary, of course. It's an interesting little puzzle, isn't it?

To work out a solution, you have to start by deciding which of the three issues—oil imports, inflation, the dollar—is most urgently important. The priority, we believe, necessarily goes to oil. That is the key to the rest of it, and too much time has already been squandered. If the bill has not been passed by the end of April, Mr. Carter would be wise to cut his losses and go to import fees. The administration is discussing a fee of five dollars a barrel on imports. That works out to six cents a gallon on all oil products, presumably applied in several stages to avoid jolting the economy.

An inflationary impact is unavoidable. But to protect people's incomes and purchasing power, this stiff tax on oil might usefully be offset by a cut in taxes. The leading candidate is the social security tax, the most remorselessly regressive tax in the country. If Mr. Carter moves to protect families' incomes that way, he can properly ask for public cooperation in his campaign to hold down other prices when fuel costs go up. If he moves forcefully this spring on oil and inflation, the dollar can safely be left to take care of itself.

THE WASHINGTON POST

Kennedy and Eastland

Massachusetts Sen. Edward M. Kennedy was 9 years old when the man he will now succeed as chairman of the Senate Judiciary Committee, James O. Eastland, came to the Senate from Mississippi. That was in 1941. We note this historical fact because it gives you some sense of Mr. Eastland's own political longevity and also of the panorama of social and political change his career has spanned. Mr. Eastland, it need be said at once, gave over a large part of that career—up until around the mid- to late-1960s—to doing everything in his power to block or retard the principal element of that change: the liberation, first of his region and then of the country as a whole, from the shackles of government-sanctioned, culturally blessed institutional racism.

It does not mitigate the recollection of the especially ugly and raw language in which the Mississippiian defended his position in this battle to observe, as many have done, that Mr. Eastland was and remains essentially a politician—and that had he come from Brooklyn, N.Y., instead of Sunflower County, Miss., he would probably have out-liberalized Jacob Javits, those decades of racial obsession, plus some miserable contributions to the witch-hunting of the 1950s and early 1960s, must stand as central features in any overall portrayal of his career.

Nevertheless, to dwell exclusively on these aspects of Mr. Eastland's 37 years in the U.S. Senate is to miss the meaning of the current transition on the committee he headed and also to miss the contemporary history lesson embodied in the turn his career has taken. Southern Senators like Mr. Eastland were themselves unexpected beneficiaries of the battle they lost in Congress and the courts; they were freed up to think about something other than how every act or proposal that came into their line of vision could be used to bolster the doomed racial dispensation of the South. Mr. Eastland in the past decade or so has managed to win—yes—the affection and personal regard of many of those liberals and assorted integrationists who have served on or around the Judiciary Committee. He has, by their accounts, introduced and maintained a high degree of democracy into the

committee's proceedings. He has been fair and understanding in his dealings with the members. "He plays hardball with you on the issues," is the way one puts it. "But not tricks," another liberal admirer elaborates: "He is not like some of those 'high-minded' ones who beat you by calling a vote when you're in the men's room."

That may not sound like much to you, but in Senate terms it means plenty, and it leaves open the question of what will be different, or needs to be different, on the committee under the new leadership of Sen. Kennedy (himself, incidentally, another of Mr. Eastland's personal friends). The first thing to acknowledge is that the Judiciary Committee is no longer a main staging ground for legislation and hearings on racial questions. If there is one large and central concern on the committee that approximates in importance and controversy the steam once generated by racial issues, it is anti-trust affairs. Chairman Eastland had been very careful to balance out the anti-trust subcommittee in such a way as to keep the lid on. Everything from oil to auto-pricing to health insurance has its anti-trust aspect. Conceivably Sen. Kennedy will make that subcommittee a more activist one, just as he is generally expected, in terms of hiring staff and attracting and assigning committee members, to try to give the committee somewhat more militant, progressive bent. There is also talk of introducing more explicit and objective standards into the process of approving federal judges.

Because the investigative power of the committee can be a formidable political tool, because much important legislation must pass through it and because it still has crucial patronage powers and power in private immigration bill passage, there is every reason to suppose Mr. Kennedy can and will turn his new stewardship into a tremendous political asset. It is one of those wholly unexpected little turns of history that one should add that at the same time he will be pressed to uphold a standard of personal fairness established by, of all people, Sen. Eastland.

THE WASHINGTON POST

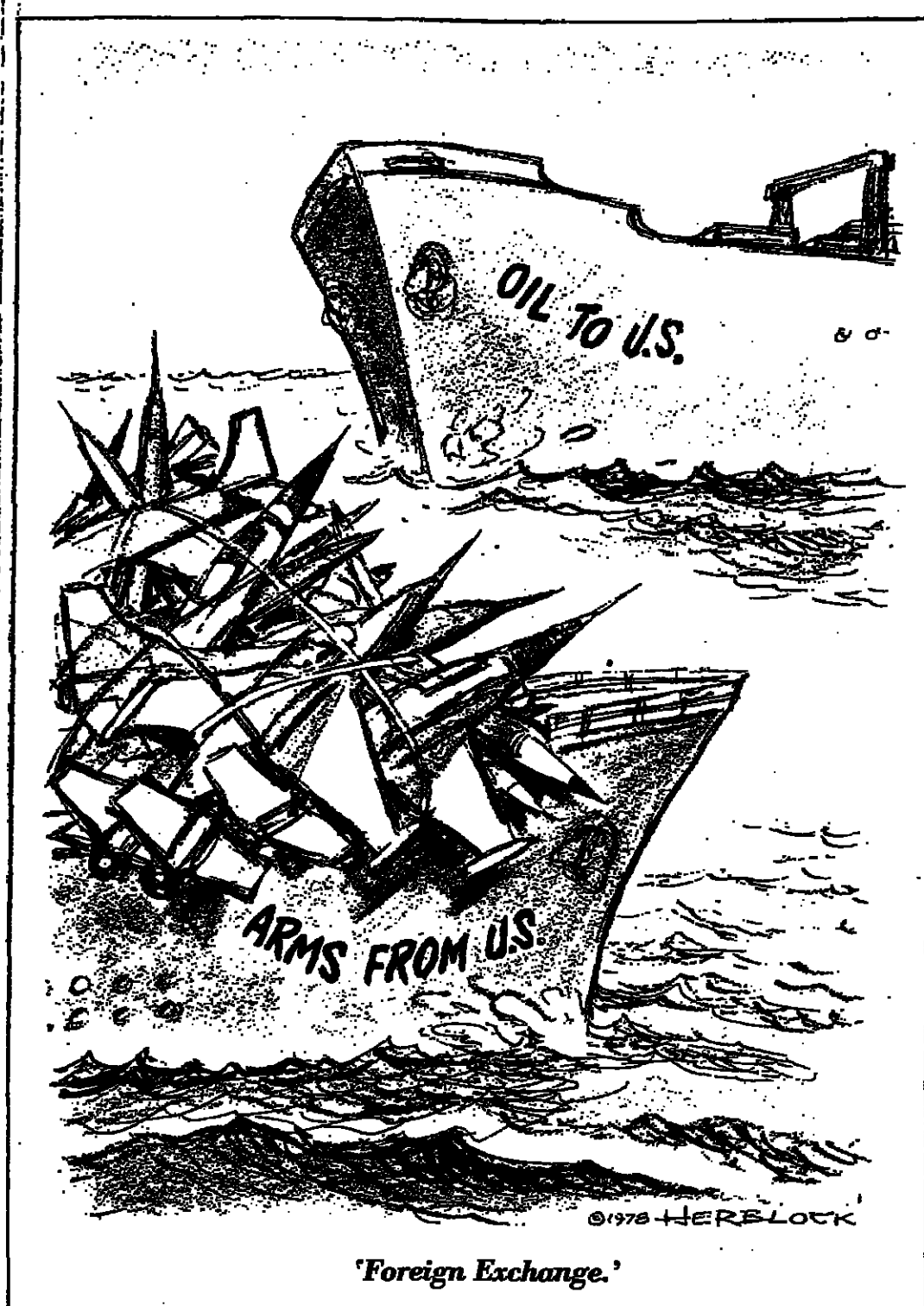
In the International Edition

Seventy-Five Years Ago
March 28, 1903

Fifty Years Ago
March 28, 1928

NEW YORK—Admiral George Dewey recently gave an interview to the Newark Evening News, in which he said: "The U.S. Navy is the greatest in the world, for this reason, that every man in the U.S. Navy is a man of intelligence; he knows just what to do and the right time to do it. The warship is an enormous machine shop, and every part of that ponderous creation must be operated by intelligence."

NEW YORK—The two oldest and most revered of New York's orchestras, the Symphony and the Philharmonic, have gone "big business"—and merged. The name of the new musical organization will be the Philharmonic Symphony Orchestra of New York, suggesting that it will retain the best qualities of both. Arturo Toscanini, perhaps the most famous conductor in the world today, will be chief of the new orchestra.



'Foreign Exchange.'

U.S. Jews and Israel

By Anthony Lewis

BOSTON—When he returned home from Washington, to an Israel anxious and politically divided over his policy, Prime Minister Begin spoke of the support he had found among U.S. Jewish leaders. They were "standing together with staunch heart," he said.

The remark pointed up an incongruity. Israel is one of the most democratic countries on earth; everyone there has an opinion and expresses it. But U.S. Jewish organizations and their spokesmen maintain a posture of total, uncritical support for Israeli government policy, frowning on any dissent.

The attitude was evident when Jewish leaders met Begin in New York just before he flew home. Rabbi Alexander Schindler, chairman of the Conference of Presidents of Major American Jewish Organizations, called on all to back Begin. "He is a worthy leader," Schindler said, "not only in Israel but of the entire Jewish people."

Last month the Conference of Presidents issued a statement referring sarcastically to "Anwar Sadat, Superstar." In language that might have embarrassed an official Israeli spokesman, it called the Egyptian president "hardline" and "obdurate." It asserted as fact what most Israelis doubt: That Israel's security "depends" on keeping settlements in the West Bank.

Now many U.S. Jews do not believe such things; I wonder, indeed, whether Schindler does. The settlements policy, for example, has troubled a large number of Israel's supporters in this country. When Foreign Minister Dayan was here last month, he came under sharp questioning on the issue in private meetings with Jewish groups.

But in public, the American Jewish organizations give the impression of monolithic support for all of Begin's policies; settlements, the argument that Resolution 242 does not apply to the West Bank, the occupation of southern Lebanon. How can that be?

Robert B. Goldmann of the American Jewish Committee offered an explanation recently in a letter to The New York Times. "American Jews do not send their men into battle," he said, "so they are not entitled to debate Israel's policies. It is 'their task to stand behind the basic policies' of Israel as its government declares them."

Moreover, the argument is profoundly at odds with Jewish tradi-

tion. It is not a monolithic tradition but one of the greatest diversity and intellectual independence. Jews are contentious in opinion, not conformist. So it is sad to see pressure for conformity applied—and sadder still to see ugly labels attached to those who have a different view of how Israel can survive and flourish.

All this is no nice intellectual question; it is a weighty political reality. When the organized Jewish community in this country is publicly lined up behind Menachem Begin's policies, its weight is, in effect, thrown on one side of a crucial political debate going on inside Israel. Begin debates the American Jewish leadership for just that reason.

"The time has come," The Jerusalem Post said the other day, "to rethink our position rather than dig in defiantly." That is a growing view in Israel; in a recent poll, 69.8 percent preferred peace

with secure borders to a right to settle in the West Bank and Gaza. I think it is a widely held view among U.S. Jews. Can it be right for Jewish spokesmen here to conceal that reality?

Sir Siegmund Warburg, a Jew prominent in British public life—and one, incidentally, who fled Nazi Germany—wrote to The Times of London last month to urge a more generous Israeli response to President Sadat's initiative. "Safety in this world can never be guaranteed by mere barbed wire," he said. "It can only result from a condition of reciprocal trust."

Many Jews, he said, "share the views put forward in this letter," but "are reluctant to speak out publicly because they are afraid that this might be interpreted as lack of loyalty to the cause of Israel." But his true friends, Sir Siegmund said, must be willing to speak out for what they see as Israel's urgent interests in peace. Now more than ever, friends have the duty of candor.

REHANA HYDER, Moscow.

Carter's Place

Each incumbent President keeps an eye on what his eventual place in history may be; it is rare that one can establish his place so securely so early in his term.

On the domestic scene, Mr. Carter has amazed his staunchest supporters and severest critics alike by his firm grasp of our most pressing domestic problems. Confronted with rising inflation as he entered office, he has reduced it to an acceptable minimum. His masterful handling of the Congress has produced an energy program that serves as a model to the Western world. The obvious confidence in his leadership shared by both sides in the recent coal dispute was the sole reason it was settled in such a timely and satisfactory manner.

Moreover, he has fulfilled his campaign pledges to those who supported him, as labor, minorities and mayors of our larger cities can testify. He has done all of this with admirable fiscal restraint in keeping with his plan to balance the budget by 1981. His firm grasp of international financial complexities has made the U.S. dollar a true symbol of the world's faith in his administration.

ROGER D. LAPHAM, Paris.

John Dornberg From Munich:

Until recently, the unions tended to baffle most people by appearing so unlike unions elsewhere...

MUNICH—Whatever they may or may not have accomplished, all those strikes and lockouts that have troubled West Germany in the past few weeks do seem to herald the end of an era.

There was a time not all too long ago when industrial peace was regarded almost as typically German as beer, pretzels and sauerkraut. Those were the times when West Germans basked in the knowledge that their way of handling labor-management relations and their conduct of collective bargaining was regarded as a "model" for the rest of Europe, if not the entire Western world.

But now, after decades of quiet on the labor-management front, a phenomenon which contributed significantly to West Germany's postwar affluence and industrial prowess—it seems that the country has embarked on what may become a long series of confrontations that could have far-reaching economic and political implications.

Until recently, West Germany's unions tended to baffle most people by appearing so unlike unions anywhere else—both in behavior and in structure.

Nonpartisan

Their postwar origins, under the leadership of men who had been emigrants in Great Britain and were British-trained and influenced, had much to do with that.

They were set up as nonpartisan, though not necessarily political, organizations with a pronounced reluctance to engage in anything even remotely resembling class warfare.

Moreover, cognizant of the weaknesses and internecine labor power struggles that had bedeviled the system of fragmented craft unions during the Weimar Republic, West Germany's postwar trade unionists formed more than a dozen huge industrywide organizations.

The largest—I.G. Metall, the metal and engineering workers' union—has 2.5 million members and is the biggest single union in the world with annual revenues, from membership dues, of more than \$150 million.

Centrally Run

Centrally run without autonomous locals, they are not susceptible to pressures or spontaneous actions from the rank and file but low and, what has been more important in terms of securing both wage increases and benefits as well as industrial peace, they negotiate agreements on an industrywide basis.

Eschewing militancy, their approach, virtually without exception since the end of World War II, had been to avoid and prevent confrontation.

Union demands have consistently been characterized by a remarkable sense of responsibility for the national welfare and have more or less always been adjusted to West Germany's macro-economic goals and interests.

The relationship between labor and management was such that when management insisted that productivity must increase, organized labor helped make sure that it did.

The word "strike" had almost disappeared from the language. During the three-year period from 1974 to 1976, for example, West Germany lost only 25 working days per 1,000 workers due to strikes, compared to 40 in Sweden, 243 in France, 353 in Great Britain, and 508 in the United States.

Calamities

On the rare occasions when work stoppages did take place they were generally viewed as tantamount to national calamities. One coincidental result, besides the country's phenomenal prosperity, was that union strike funds now bulge with untold billions of dollars.

There was in West Germany a spirit of "social partnership" even reflected in the peculiarities of the language itself. The term for management is *Arbeitgeber*, literally meaning "work giver," while that for labor is *Arbeitnehmer*, which translates as "work taker."

The distinctions between the two have become increasingly blurred, especially as the unions themselves turned into major *Arbeitgeber*. The German Federation of Trade Unions (DGB), with its 16 affiliated trade and industrial unions and nearly 7.5 million members, has some 25,000 people in its direct employment. But that is merely the beginning.

The DGB happens to own the Bank Fuer Gemeinwirtschaft, the country's sixth largest, with 300 branch offices and a balance sheet total in excess of \$12 billion. It also controls West Germany's second-largest life insurance society with reserves of more than \$15 billion, a sprawling supermarket chain, and the country's biggest home-building and real estate development enterprise.

Distinction

Moreover, the distinction between *Arbeitgeber* and *Arbeitnehmer* has become even less perceptible with gradual implementation of the 1976 "co-determination law" which gives the supervisory boards of all companies employing more than 2,000 people.

Ironically, however, it has been since the enactment of that law—or more specifically, since organized management's ill-conceived attempt to test its constitutionality before the Supreme Court in Karlsruhe—that labor's attitude has become more hard-nosed.

The constitutional suit has not yet been heard, but the *Arbeitgeber* decision to file it last year signaled a new, climate in West German labor and management relations.

Ever since then there has been a spate of stalled and broken negotiations and a pattern of collective bargaining gone awry.

Labor has apparently embarked on a quasi-political course of more "class consciousness" aimed at winning a bigger share of the pie, and management has displayed an eagerness for confrontational showdowns, manifested by a militant willingness to shut down entire branches of industry with lockouts.

Pique

There is more involved, of course, than merely labor's pique over the constitutional suit, the chances of which are regarded pessimistically even by those industrialists who filed it. And more, too, than the percentile wage demands that have kept negotiators closeted in marathon sessions.

Organized management seems determined to reduce labor's share of the pie, claiming that this will help create new jobs. Conversely, organized labor contends that pay increases will create consumer demand and stimulate the sluggish economy.

Beyond that, however, labor is concerned over what it considers a gradual and deliberate erosion of jobs through technological rationalization and the transfer of capital and production facilities abroad—both due, as management contends, to the fact that West Germany's hourly labor costs are now the highest in the world.

As in labor-management relations everywhere, many of these are chicken-or-egg type issues, of course. But be that as it may, the West German "model" is nearing its end.

Or, as one metalworkers' spokesman said recently: "The issues at stake this time are not so much the percentages, which can be solved with a pocket calculator, but the principles we must defend."

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.



ON THE HOOF—Six-year-old Wayne Buck drives his Shetland pony, Chocolate, in Regent's Park, London, as he competes in yesterday's London Horse Society's annual parade.

\$28.5 Billion Already Paid

More Nazi War Claims Asked of Bonn

By Murray Seeger

BONN, March 27—During the last 25 years, West Germany has paid about \$28.5 billion in compensation to Jewish victims of Nazi Germany.

The deadline to apply for compensation expired in 1969, but international Jewish organizations want the government to extend the program and accept new claims.

Among the recipients are survivors of concentration camps and others who can show that their lives were disrupted by the Nazis. About 90 per cent of the recipients are Jews. One-third of them live in Israel and one-third in West Germany. The others are in other countries.

The first law authorizing *wiedergutmachung*—literally, making good again—was enacted 25 years ago. Since then, the government has made payments totaling more than 57 billion marks. Last year the payments were 1.8 billion marks (about \$900 million).

The government estimates that the program will continue through the year 2000 and that the total cost will exceed \$5 billion marks. But officials concede that their estimates could be wrong.

Low Estimates

"So far, all our estimates on the amount of money to be paid and the longevity of the beneficiaries have been too low," said Wolfgang Kaphammel of the Finance Office, who has worked in the reparations program for 16 years. "The life insurance actuarial tables are not valid for these people. Those who were able to survive the Nazi camps are very hardy people indeed."

The program has been an administrator's nightmare, Mr. Kaphammel said.

"We try to be understanding and tactful," he said, "but some people are never satisfied. One person hears that someone else got more money than he did so he comes in and makes a new appeal. Then there are the people who have come to the West [from Eastern Europe] since 1965 and do not know that under the law they cannot receive anything. They think our country is very rich and can afford to pay them."

We try to be understanding and tactful."

Under the law, Dec. 1, 1969, was the deadline for applying for compensation, but Jewish organizations have sought to reopen the program largely to take care of persons who have emigrated from Eastern Europe since 1965.

"The issue is brought up all the time," a government official said. "It is a political question."

The coalition government of Chancellor Helmut Schmidt takes the position that any legislation to approve an extension must be agreed upon by all the parties represented in the Bundestag [Parliament].

The opposition parties, the Christian Democratic Union and Christian Social Union, insist that the issue is the responsibility of the government, composed of

U.K. Newspaper

Says Russia Puts

Missiles in Cuba

LONDON, March 27 (UPI)—The United States may be headed for a new "Cuban missile crisis" over Soviet strategic missiles that reportedly have been "smuggled" to the island, a London newspaper reported today.

The Russians are building a pen [base] for their nuclear submarines in the Cuban port of Cienfuegos, the Daily Telegraph said. "There is a strong suspicion that Soviet strategic missiles have already been smuggled back to Cuba."

It was a Soviet attempt to put strategic missiles on the island that provoked a confrontation in 1962 between President John F. Kennedy and Premier Nikita Khrushchev.

In 1971, when the Soviet Union attempted to build a submarine base at Cienfuegos, "they were not allowed to get away with it," the newspaper said. Former President Richard Nixon sent a blunt message warning Moscow to remove the base. "This time around, things are rather different," the newspaper said. "The Carter administration has so far made no attempt to warn off the Russians. Nor has it done anything to alert the American public to what could easily develop into the Cuban missile crisis of 1978."

Mr. Schmidt's Social Democrats and the Free Democratic party.

One scheme was proposed by Dr. Nahum Goldmann, president of the World Jewish Congress and chairman of the Conference on Jewish Material Claims against Germany, which includes representatives of 24 organizations.

Mr. Goldmann has proposed that Bonn contribute 600 million marks to set up an international foundation, based outside Germany, to assist recently arrived emigrants from Eastern Europe who can claim damages because of Nazi war crimes.

"This would remove the program from control by German law," a government official said.

Jewish spokesmen were unanimous in their commendation of the manner in which the Bonn government has administered the program. The Jewish organizations have also been highly critical of the East Germany, which has never acknowledged responsibility for compensating Nazi victims.

Claims representatives met more than a year ago with East German officials and were offered \$1 million to assist Jews from the Communist state who had become U.S. citizens.

"Ridiculous Offer"

"The offer is ridiculous in view of the claims outstanding," Mr. Goldmann said. "It's peanuts. Either we accept reparations for all victims or none at all."

East Germany pays pensions to some Nazi victims who live within its borders. East Germany contends that it was liberated from Nazism by the Soviet Army and that responsibility for Hitler's crimes rests with West Germany.

The question of payments to Nazi victims has been a major factor in preventing East Germany from establishing normal relations with Israel and hindering better relations with the United States, which has urged East Berlin to negotiate with the Jewish groups.

In contrast, West Germany maintains close relations with Israel.

A cornerstone in the West German *wiedergutmachung* program was the payment of reparations worth 3.45 billion marks to Israel over 12 years, starting in 1952. Eighty per cent of the reparations to Israel consisted of goods to help build the industrial and agriculture base of the young country.

Initiated by the first postwar chancellor of Germany, Konrad Adenauer, a Roman Catholic who spent some time in a Nazi prison, the agreement was termed "something quite unprecedented" when it was signed in 1952 by Israeli Foreign Minister Moshe Sharett.

West Germany paid 1 billion marks to 12 West European countries to compensate Nazi victims there and 6.6 billion marks to a wide assortment of beneficiaries, including the Lutheran and Roman Catholic churches and the Jewish Claims Conference. Most recently, West Germany signed an agreement with Poland that includes payments to individuals there who had claims arising from the Nazi occupation.

© Los Angeles Times

By John Vinocur

STOCKHOLM, March 26 (NYT)—At about 11:30 p.m. on Sept. 19, 1976, Klaus Unger took a bottle of champagne from his refrigerator and held his glass high: A coalition of Sweden's moderate parties had just pushed the Social Democrats and their leader from power after 44 consecutive years, and for Mr. Unger the news was worth a toast: "Bye-Bye Olof Palme!"

The next day, on his way home from his job as a marketing manager for a large company, Mr. Unger heard on his car radio that the Stockholm stock exchange had taken a record jump. Still smiling, he finished the champagne with dinner.

The upswing on the market lasted barely a week. Now, 18 months after the election and halfway to the next one, in September of next year, Sweden is in a deep economic crisis. And Mr. Unger is convinced that voting for the so-called bourgeois parties made no difference at all. "I voted for change," he said. "I got more of the same."

Moderate Platforms

The moderate parties ran on platforms that promised less socialism, less centralization and administrative control over the individual, more incentives for business and profit-making and an attack on what is usually described as the world's most burdensome tax system. An extremely cautious evaluation of performance would suggest that the moderates have not come close to keeping their promises.

In business, the government of Premier Thorbjörn Fälldin gathered the major shipbuilders into a state company in an effort to salvage a dying industry. It initiated state involvement in the troubled commercial steel industry, and has agreed, contrary to its stated position, to a merger of the big specialty steel companies. The government has also spent more than \$6 billion during the 1977-78 fiscal year to support weak industry despite its call during the campaign for less state influence in business.

Payroll taxes have been lowered by 2 per cent and the personal income tax has been reduced in a way that can save the average payer \$175 to \$215 a year, but the value-added tax that is attached to virtually anything for sale has been increased to 20 per cent from 17 per cent. And, because of the rise in gasoline taxes, the annual cost of running a car is \$85 more.

Combined with the gasoline tax and a 13 per cent rise in consumer prices, any savings on personal taxes is virtually wiped out.

Concerning administrative control over the individual, an area where the Social Democrats had been under strong criticism, the government investigated one of the symbols of such control, the "person number." It found that the use of the number, given Swedes at birth, should be tightly controlled. But it also said that elimination was impractical.

The hopes of some Swedes that the new government might consider scaling down the social security system have not been fulfilled, either. Social costs are up 18 per cent over the previous budget and pensions 20 per cent.

Both labor and management are hard-pressed to find any

Marcos Mansion

Grenade Target

MANILA, March 27 (UPI)—A grenade exploded inside the presidential summer residence compound in the mountain resort of Baguio at about 3 a.m. yesterday while President Ferdinand Marcos was in Manila, government spokesmen said today.

A search of the compound later turned up two more sets of explosives, including one hidden in a toilet just below the presidential bedroom and another in the military aide's office, the spokesmen said.

They said that Mrs. Marcos was originally scheduled to be in Baguio, 160 miles north of Manila, during the weekend to attend a floral festival, but she canceled the trip because of other commitments and remained in Manila.

No injuries were reported in the explosion. The grenade was tossed inside the fenced-in compound and three cars later sped from the scene, the spokesmen said.

'Moderate' Coalition Has Brought Little Basic Change

Swedes Doubt Effectiveness of Socialists' Successors

change in policy from that of the Social Democrats. Sven Andren, president of the state tobacco company, said: "They spent the first year trying to prove they have social ambitions as good as the old government's. The difference is marginal."

Problems Inherited

Most politicians believe that the voters do not hold the coalition solely responsible for the economic difficulties, which involve far-reaching losses of competitiveness in the most important sectors of industry and the probable loss of 60,000 industrial jobs in 1977-78. There is, instead, realization that the problems were largely inherited. However, a preference poll run by Expressen, a Stockholm newspaper, gave the Social Democrats 52 per cent and the government parties 40 per cent.

"If there would be an election today, we'd win," said Olof Palme, a Social Democrat, who preceded Mr. Fälldin as premier. "The people demand stability and coherence and they're not getting it. We'd have had difficulties, too, with the economy. But we'd have handled it differently. The tax cuts they made increased

liquidity and that pushed up inflation. They let investment fall away. They've been unable to handle the energy issue. We couldn't have helped but do a better job."

Any hopes the moderate parties have of staying in power seem dependent on the issue of nuclear energy, which is also regarded as an important factor in Sweden's recovery and development. The Center Party of Mr. Fälldin, the largest in the coalition, opposes any expansion of nuclear-power plants, a view that clashes with that of the Social Democrats and of the Centerists' coalition partners, the Liberals and the Conservatives. Imported oil accounts for 70 per cent of Swedish energy, but this could be cut to 40 per cent by 1990 if the nuclear construction program now in suspension were carried out. Further development of nuclear resources could make Sweden a leader in nuclear energy in

Europe because it has extremely large uranium deposits. The debate is expected to come to a climax in the fall. "If we can compromise on nuclear energy, the polls don't mean a thing and we can be re-elected," said Sten Ullsten, the Liberal Party's new leader. "We've succeeded in killing the myth that the welfare state is based on the Social Democrats. Now people realize the country is in trouble and there is a longing for hard measures."

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MUSIC IN AMERICA

European Artists Vs. the IRS

By Paul Hume

WASHINGTON (WP) — Rudolf Bing retired from the post of general manager of the Metropolitan Opera in 1972. In his memoirs, published that year, he wrote: "I leave a time bomb I am grateful did not go off in my time, which is the question of the relations between European artists and the American Internal Revenue Service."

Last December Egon Seefeltner, general manager of the Vienna State Opera, was discussing that company's forthcoming visit to the Kennedy Center in Washington. "I would like to bring our production of 'Tristan und Isolde' to Washington," he told a reporter. "It is our best Wagner production. But I cannot because we have no Isolda. Birgit Nilsson will not return to the United States, and we do not have another Isolda of sufficient quality."

Why won't Birgit Nilsson, long the world's favorite Isolda, Brunnhilde and Turandot, come back to sing in this country? Because the Internal Revenue Service says that she owes the United States a cool \$500,000 in back taxes and penalties. And Miss Nilsson chooses not to pay.

How does one of the world's busiest, and highest-paid, singers run up a tax bill that size? Schuyler Chapin, who was for three years Bing's successor at the Met, said, "That's easy."

"If no tax is paid for a while, and then penalties are added at the rate of 25 per cent, it doesn't take long." An official of the Collection Division of the Internal Revenue Service has confirmed that tax liens had been filed against Miss Nilsson.

Henry Lauterstein of the Metropolitan Opera's law firm of Lauterstein and Lauterstein said recently, "In discussions with the IRS, I pointed out that Nilsson could still concert here, appear in opera and continue a busy career. I asked if something could be worked out to help wipe the slate clean. The man with whom I was speaking told me, 'I'm going to have to do something — I can't tell you, but I must do what I must do.'"

"It turned out," Mr. Lauterstein added, "that at that point Nilsson defaulted, and a judgment for \$500,000 was entered against her. Since then she has not returned to singing in the United States." Miss Nilsson's last appearance at the Metropolitan was as Sieglinde in "Die Walkure" on April 2, 1975.

What is the tax situation in this country about which foreign artists and their American managers complain, and even to the length of not paying?

At present, with some exceptions, the law requires that the Metropolitan Opera, for example, or the U.S. agent, take 30 per cent of the artist's fee and send it to the IRS.

But the impact depends on several factors, among them:

•What country the artist comes from, and what tax treaty the United States has with that country.

•How long the artist will be performing in this country within the taxable year.

Mr. Lauterstein explained: "A number of artists in Europe are contracted by a corporation, say the United Kingdom X Corp., might have Mirella Freni. They have her worldwide."

"These big earners may have Swiss residences, or some other place that is not so difficult. But for a Freni we pay 30 per cent to United Kingdom X," he went on. "There are other treaties. We have one with Germany under which taxes paid here are credited against an artist there. The best treaty I ever heard of was the one Nixon negotiated with the Soviet Union."

"The Soviet artists pay no tax here. But God help them when they go back!"

Generally, payments for Soviet artists, all of whom receive annual salaries from their government, are made directly to Gosconcert, the official artist agency for the Soviet Union.

Patrick Hayes, managing director of the Washington Performing Arts Society, recalls, however, that at one period, checks for Russian artists who appeared on his concerts were made out to the ambassador of the Soviet Union.

Miss Freni, Teresa Berganza, Montserrat Caballe and others have often been reported unwilling to sing in the United States as much as their admirers would like because of U.S. tax problems.

Miss Freni, for example, withdrew from her Met contract this year, with some suggestion that she was ill, though subsequently she sang regularly at La Scala.

The Metropolitan is making an effort to help its artists manage their financial affairs. "Lots of artists here are getting good advice," Mr. Lauterstein said, "and some of them are very wealthy. If they would all hire reputable tax people, it would help."

The tax rate is not after all so bad — I think it is around 15 or 16 per cent."

Bing pointed out recently that "a singer's professional life is a short one, whereas a lawyer at 80 can still make a very good income and many do." He argues for a change in U.S. tax laws, pointing out that opera singers get special tax advantages "everywhere else in the world."

The country's concert managers are as concerned over the problems raised by the tax situation as are the opera companies. Ann Colbert, who heads one of the most successful agencies in New York, says: "It's a dreadful situation. They take 30 per cent off the top, then there is our commission and there may be city or state taxes. And the terrible part of it is that the artists have to wait 18 months for any refund. We cannot take care of it when the artist leaves the country the way we used to."

She explained: "The artist may make some money in January '78, but we cannot file until the end of the year. The IRS attitude is that you cannot tell in January how long the artist will be in the country. Of course we do know. It is shocking," she declared. "A few years ago the rules for visas were changed. They demand now to know, when we apply for a visa, how many engagements there will be. And they send a copy of that information to the IRS."

"We have to watch that an artist does not stay more than 183 days — that's six months, then they must file on the same basis as an American citizen."

Experts Advise Big Changes in VOA

By Richard Weintraub

WASHINGTON (WP) — A panel of leading newspaper and radio personalities has recommended sweeping changes in the role of the Voice of America's news broadcasts and the development of new protection for VOA correspondents from interference by the State Department.

The role of the VOA, the government's official broadcast arm, and particularly its freedom to use its correspondents as it wants, has been a long-running battle in Washington.

There have been numerous charges of State Department censorship of VOA broadcasts or prohibitions on the movement of correspondents.

The independent panel, headed by retired Washington Post diplomatic correspondent Chalmers Roberts, argued that the VOA "must have the right, free of diplomatic restrictions, to gather and send news to Washington headquarters."

VOA correspondents, the panel said, should have a status "as

close as possible to that of correspondents of commercial American press and broadcasting organizations. These correspondents should be news persons and not interchangeable with diplomatic personnel."

The Roberts panel also recommended that the VOA shift its correspondents from Europe, where there are a large number of American correspondents from independent news agencies and newspapers, to concentrate more on news in the Third World and in Communist countries.

It further urged that the correspondents, who currently number 15, should concentrate on "producing background and explanatory material and broadcasts — to give depth to the news," while "spot" news is drawn from commercial news sources.

The panel's report was also critical of the quality of VOA's personnel.

"If VOA news persons are to be considered bona fide journalists by their own government, or anyone else, they should be the best and most professional that

VOA can attract. This is not now the case," the report said.

VOA director Peter Straus said last week that the panel's recommendations "move us a long way toward resolving an issue that has plagued international broadcasting for many years."

Mr. Straus said that he expected an official response to the panel's recommendations by the end of the month, adding that it gives "a good basis for us and State to work out an agreement" on the role of the correspondent.

"We were trying to find ways to give these people as much space — as much breathing room as possible — to act like normal correspondents," Mr. Roberts said.

"A lot of people, even in other parts of the State Department, look on VOA as a propaganda agency," Mr. Roberts said, noting that it is the news broadcasts and music programs that draw listeners to the radio in the first place.

Other members of the panel included Pauline Frederick, international affairs analyst for National Public Radio; E. W. Kenworthy, retired New York Times correspondent; William Scott, vice-president for radio news operations for Westinghouse Broadcasting; and Franklin Williams, former ambassador to Ghana.



Birgit Nilsson, whose voice is absent from the Met.

years ago the rules for visas were changed. They demand now to know, when we apply for a visa, how many engagements there will be. And they send a copy of that information to the IRS."

Bing says flatly, "If the government insists that [foreign] opera singers must pay in full in America, the Metropolitan will be unable to engage the singers and conductors its public expects and deserves. The house will suffer enough in the next few years from the impact of currency devaluation without imposing the trauma of real taxation."

Waverley Root

Sweet and Sour Orange Stories

In 1930 I spent a fortnight in one of Europe's most enchanting cities, which was then still the Free State of Danzig.

I found that Danzigers were beset by two preoccupations, one minor, the other major. The minor preoccupation was that the arsenal and munitions depot that the Poles had established on an island facing the harbor might blow up and destroy the city. The major preoccupation was that they had no oranges. Danzig was rich — not as rich as in medieval times, but rich enough. Left to its own devices, it could have wallowed in oranges; but oranges were not accessible. Danzig, by the wisdom of the framers of the Treaty of Versailles, was within the customs frontier of Poland, which was too poor to import oranges, even for resale to the Free State. Everybody I met in Danzig got around sooner or later to weeping on my shoulder about the absence of oranges.

I will not advance the theory that it was to get oranges that Danzig allowed a Nazi majority to take over its legislature, and thereafter accepted with complacency its annexation by Germany. But if, in the case of Danzig, oranges played little part, except by contributing to discontent, in inspiring the taking over of one country by another, history, or para-history, alleges that on at least two other occasions they did.

The first was in 568, when the Byzantine general Narses, who had been named governor of Rome by the Emperor Justinian, was disgruntled at being recalled from this desirable post. He is said to have sent oranges to Alboin, king of the Lombards, suggesting that he might like to conquer a country which provided such delicious fruit, which Alboin promptly did.

Rome Region

The credibility of this story is not enhanced by the fact that those who repeat it will tell us, almost in the same breath, that there were no oranges in Italy at that period. In fact, although there may have been oranges in southern Italy in 568, it is more doubtful that there were any in the region of Rome, where Narses was exercising his functions at a time when Rome was no longer able to attract foods from elsewhere; and there were certainly none in northern Italy, which was the part Alboin conquered. Serious scholars are of the opinion that this story is a fable.

The second account tells about a band of Normans on their way back from the Crusades who happened to pass by Salerno at the very moment when a band of Saracens was making one of their

periodic attacks on that city. The Normans joined the fray and routed the Moslems. The ruler of Salerno (anonymous in all the versions of this story I have seen) expressed his gratitude by sending a bountiful gift of oranges to the Duke of Normandy (unidentified also). The oranges made perhaps more of an impression than the donor had desired; the Normans, hungry for oranges, reacted by taking over the whole area, including Salerno.

The recounters of this story refrain prudently from supplying any dates, but we can find a few in other sources. The First Crusade started in 1096, so the Normans who saved Salerno on their way back from the Holy Land can hardly have done so much before 1100; and it happens that the Normans of Robert Guiscard had already taken Salerno in 1076. It is all very confusing, and one comes to the conclusion that this story might as well be shovelled into the dust bin along with the other.

One may suspect that both of these stories were invented no earlier than the 17th century, after the sweet orange, which might have been capable of exciting so much enthusiasm, had arrived in Europe. The only orange known in Europe at the time of these two stories was the bitter, or sour, orange.

The history of the orange has been deformed by the publication of more errors about it, probably than any other food except the artichoke, concerning which almost everything asserted in standard reference books is wrong. There are three extenuating circumstances for this misdeed. In the first place, the orange shares with the artichoke a misapprehension applied also to a great many other foods: Their appearance in Europe is attributed to the Crusaders by writers ignorant of the fact that the ancient Romans knew them, but that they had disappeared from Europe when the Roman Empire collapsed, along with its trade routes.

Separate Histories

The second excuse for the misinformation so often given us is that nonspecialists are unaware that they are dealing with two different fruits, the bitter orange and the sweet orange, which have almost independent histories; indeed, no less a specialist than Linnaeus fell into this trap. He lumped both together under the label of *Citrus aurantium*, a term left today to the bitter orange, while the sweet kind is called *Citrus sinensis*. The third excuse for error is that both the alleged disappearance of the orange and its alleged reappearance took place in the Dark Ages, when neither

merchandise nor information circulated with facility. We don't really know whether the oranges of ancient Italy disappeared or survived during this cultural black-out, nor when the new invasions of oranges occurred in Italy and Spain.

A considerable proportion of the errors so generously offered to us are chronological. The Grand Larousse Encyclopedique says that the first orange tree in France was planted in 1500, an error of at least 200 years. James Trager seems to be trying to tell us (his language is ambiguous) that Spain started growing oranges in the 17th century, an error of somewhere between 400 and 900 years (but let us give him credit for identifying *Citrus aurantium* correctly as the bitter oranges in the same passage even though it is in order to give us a piece of information about it which really belongs to the sweet orange). The Larousse Gastronomique has plenty of company in reporting that the Crusaders introduced the orange into Europe, an error of 1,000 years. The Horizon cookbook takes first prize easily by informing us that the orange was introduced into China in 100 B.C., an error of 20 million years, give or take a millennium or two.

So much misinformation has been published about oranges by people who meant it to be believed (and no doubt believed it themselves) that it is a relief to come upon a light-hearted example confectioned with no intention of deceiving anybody. I am informed that the Hunan restaurant in San Francisco's Chinatown carries, or did carry, the following note on the back of its menu:

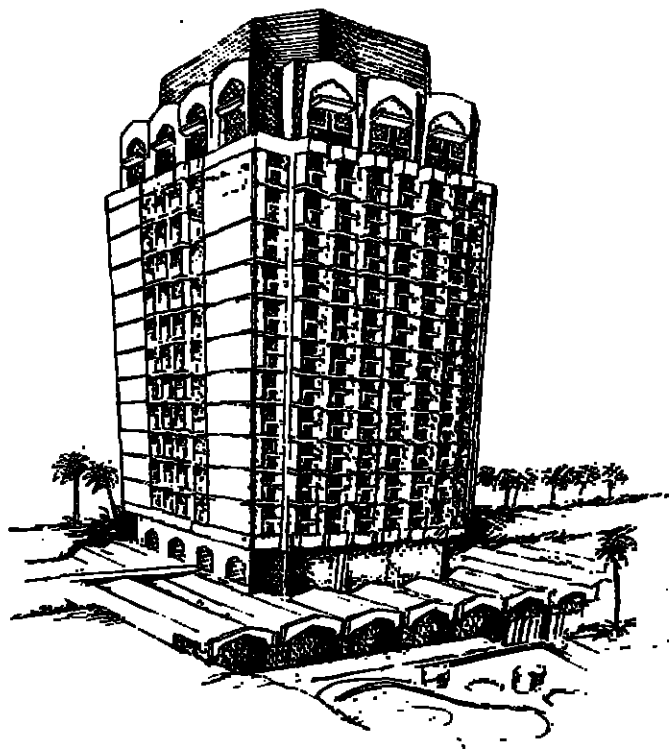
"The Sun-Kist orange, an important source of Vitamin C for your daily consumption, was transplanted from a county by the name of San Ki in the western part of Hunan." Some of the customers believe it.

Waverley Root

Everest Elite Plans Jubilee

KATMANDU, Nepal, March 27 (AP) — About 40 of the climbers who have reached the summit of Mount Everest are expected to gather here May 28 for the silver jubilee celebration of the first conquest of the world's highest mountain, the Ministry of Tourism said today.

The ministry said that 56 persons who have stood on the peak of Everest have been invited to the weeklong celebration.



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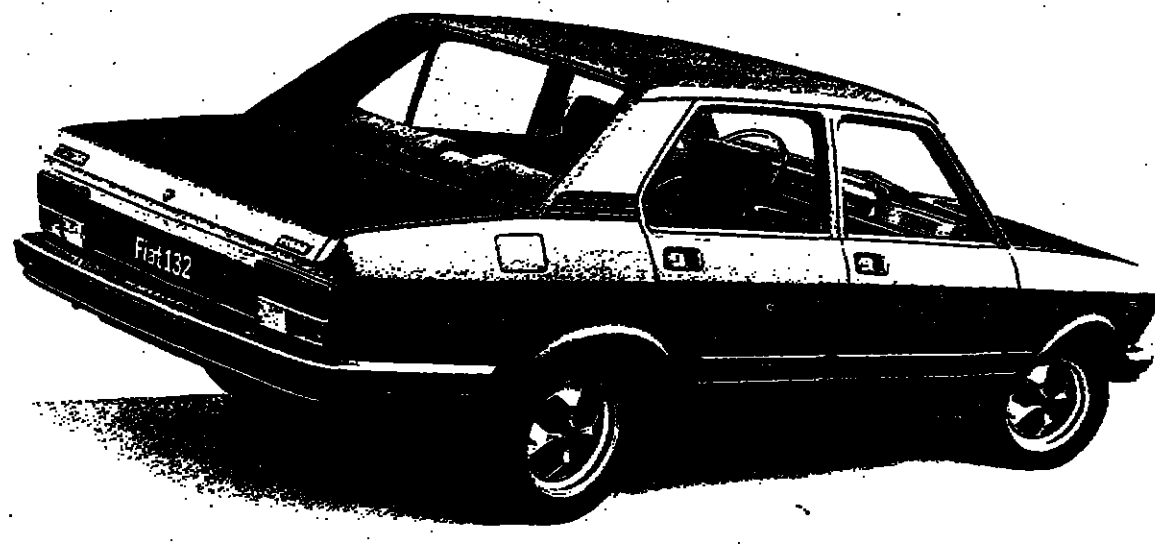
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Dollar Sets Record Low Against Yen

Market Disregards Japan Stimulus Plan

TOKYO, March 27 (AP-DJ)—The dollar finished at a record low of 225.325 yen in heavy trading today as domestic selling pressure continued too strong for official intervention to dampen.

The market paid little attention to the announcement of a government program over the weekend which is supposed to increase imports and cut the budget deficit.

Measures for stabilizing the dollar will be discussed at forthcoming U.S.-Japan meetings in Geneva and Tokyo, according to Economic Planning Agency Director Kichiro Miyazawa. Reuters reports the discussions will be a preparatory step for full-fledged negotiations between President Carter and Premier Takeo Fukuda in Washington in May. He did not say what measures will be discussed, but added the idea of setting certain target zones among major currencies is generally supported by Japanese leaders.

The dollar now is nearly three yen below its Friday close of 228.225 yen, and well below Tuesday's opening of 227 yen when the Bank of Japan began sporadic intervention.

The Bank of Japan bought \$200-to-\$400 million during the day, according to estimates. The intervention was described, however, as half-hearted.

The economic program, drawn up by Premier Takeo Fukuda's cabinet over the weekend, is largely made up of old well-publicized ideas. It calls for accelerated public works spending, lowered interest rates, encouragement of housing construction and capital spending by industry, and relief for industries with structural problems.

"The government likes to reannounce old programs as a new package," one banker commented.

The cabinet also agreed on a policy to hold Japanese exports for the year at 1977's level in terms of quantity through strengthened administrative guidance.

The plan also would facilitate import growth, increase jobs in particularly depressed industries and help small businesses.

Voice-Controlled Machines Developed

Talk to Your Computer? Be Careful What You Say

NEW YORK, March 27 (AP-DJ)—The U.S. computer industry is developing machines that can respond to human speech rather than the usual mathematical language devised to program them.

Within the next several years, experts believe, almost anyone may be able to use his own words to do almost any job on a computer. The laboratory for computer sciences at the Massachusetts Institute of Technology is among those working toward this goal. Its director, Michael Dertouzos, says, "There are still any number of dangers that could hold us back, but the horizon looks clean and good from here."

Simplifying the use of computers, of course, lessens dependence on costly and scarce programmers. The trend will also benefit the increasing number of companies using small, decentralized computers, because fewer people then need know much about technology.

Child-Like Simplicity

The simplification is also vital to the emerging computer markets of tomorrow: the automated office and home. At Xerox, scientists are developing computer languages based on English words and symbols simple enough for children to comprehend. Xerox is betting heavily on the proliferation of such computerized office equipment as electronic typewriters with memories.

International Data Corp., a computer-industry research firm based in Waltham, Mass., is optimistic about the sales of so-called personal computers. About the size of a typewriter, the personal computer is used to balance checkbooks, keep track of recipes and perform a variety of other tasks around the home.

International Data estimates that sales of personal computers, which retail for an average of about \$3,000, should reach \$300 million annually by 1980—and twice that if there is a breakthrough in cheaper and easier to use programs.

Umtech Inc., a small company of Sunnyvale, Calif., has started selling a system that plugs into a color television set. The \$500 Videobrain can solve such problems as figuring bond yields and compound interest on loans in addition to playing such games as blackjack, checkers and pinball.

Another machine that makes use of ordinary terms is Adam, a \$35,000 computer produced by Logical Machine Corp., also of Sunnyvale. Adam is about the size of a standard office desk and contains a keyboard and a screen. It comes with a small vocabulary including such words as begin, subtract and rename, and it learns other words in English or other languages.

Good Morning Machine

Enough other buyers are pleased with Adam that sales of the machine are doubling every six months, Logical Machine says, and it plans to introduce in June a \$10,000 version of the computer designed for two-to-five-person businesses. The firm also is experimenting with a model that talks. When an operator says, "Good morning, Adam," the machine turns on and replies, "Good morning. I am ready. What do you want to do?"

The ultimate goal of the research is to enable computers to solve any spoken problem, although it will not happen soon because of the difficulty of building machines that duplicate thought processes.

Nonetheless, question-answering and command-obeying systems are expected to be applied in the next few years to such fields as the securities industry, where huge files of computer-stored information already exist. Other systems are being directed toward verbal problem-solving in such fields as chemical engineering, thermodynamics and cost-accounting.

Good Night Machine

Mr. Hamilton said that the SEC's intention to identify a number of foreign countries where such payoffs occurred, as well as some of the circumstances surrounding them. The SEC's complaint would cite "specific contracts, ITT units involved, amounts already paid and recipients," ITT says.

Lyman Hamilton Jr., ITT president, said in an affidavit filed in federal court here that publication of "those confidential details of contributions and payments made by the ITT system in previous years would have a severe adverse impact upon the corporation and its subsidiaries, its present stockholders and those with whom it does business."

According to Mr. Hamilton, ITT's present business relationships in foreign countries may be terminated if the SEC goes through with its plan. In addition, "the positions of those with whom ITT has dealt in foreign governments may be prejudiced—in some instances, even the physical safety of employees of the ITT system or employees of foreign governments would be endangered," he said.

Mr. Hamilton raised the issue of possible nationalization in connection with three of ITT's European manufacturing subsidiaries. Each of the companies, he said, has been advised by its own outside counsel that "disclosure of confidential details" related to the subsidiaries' questionable payments would be "contrary to the laws of the countries in which they exist and operate."

Moreover, each of the companies in question is important both to the local domestic economy and as a major exporting concern generating substantial foreign-exchange credits. Thus, the disclosure could prompt takeovers by the respective foreign governments "to protect their domestic interests in the continued viability of those companies as successful exporters," he said.

To underscore the threat, he noted that the desire of the French government "to have the control of sensitive telecommunications and electronic manufacturing facilities in domestic hands" led the company in 1976 to sell its 68-percent controlling interest in Le Matériel Téléphonique to a French concern.

ITT did not identify the subsidiaries referred to by Mr. Hamilton, but it has major manufacturing units in West Germany, Britain, France, Belgium and Spain, and smaller operations in Austria, Denmark, Finland, Greece, Italy, The Netherlands, Norway, Sweden and Switzerland.

ITT's court submissions were an attempt to obtain a temporary restraining order that would bar the SEC from disclosing information obtained from ITT and its executives in the case.

U.S. District Judge George Hart seemed sympathetic to the company's concerns during a hearing Friday on the requested order. He said he could "foresee the hurt to U.S. business and the balance of payments" growing out of possible damage to ITT from the SEC charges. "There might be countries that you can't do business in without bringing someone," the judge observed during one exchange with Richard Kraut, an SEC attorney.

He added that Curtiss-Wright "would be willing to propose a joint slate of directors with (Kennecott) management on the understanding that each director would represent the interest of all shareholders, would commit to act constructively and independently and to disregard any ties to

AMC Asks U.S. to Back New Loans

Seeks \$100 Million To Revive Car Sector

SOUTHFIELD, Mich., March 27 (AP-DJ)—American Motors, underscoring the severe problems it faces in trying to revive its ailing passenger-car operations, is attempting to win federal backing for about \$100 million in loans to redesign its autos.

AMC confirmed over the weekend that it has been negotiating with federal officials for several months on possible loan guarantees which would enable the automaker to borrow funds from the private sector.

AMC Vice-president Fred A. Stewart said he could not predict when the government would make a decision or whether the loan guarantees would be granted. "Discussions are ongoing and there aren't any deadlines. At this point, I'd rate our chances at better than 50 percent" of eventually getting the federal help, he said.

New Models Needed

The loan proceeds would be used to help develop new car models that the company would offer over the next decade, he said. "This wouldn't be used for operating expenses. We don't need this to meet the payroll," he said.

But the highly unusual step of seeking federal aid to meet capital needs indicates that the company has not been able to tap traditional funding sources. "Capital for AMC doesn't come easily," Mr. Stewart conceded.

And large amounts of capital are needed if AMC is to succeed in the auto business. Its new car sales, which have dropped steadily in recent years, currently account for a minuscule 2 percent of the domestic market. Passenger-car operations have had huge losses, and the company has been able to report small profits in recent quarters only because of its profitable utility-vehicle and nonautomotive operations.

But the company has not been able to generate enough money to redesign its aging auto lineup significantly. By contrast, its competitors are pouring hundreds of millions of dollars into restyling and many of their new offerings are in the small-car market where AMC concentrates.

So AMC management is scrambling for help. Recently, company officials disclosed that they hope to conclude some sort of combination later this year with a still-undefined foreign automaker. Though the company has provided only sketchy and sometimes contradictory details about the possible link, it apparently could include provisions for selling the foreign company's cars through AMC dealers and eventually building them in AMC plants. AMC officials have hinted that the foreign partner also might provide some capital.

Mr. Stewart acknowledged that even if the \$100 million of federal guarantees are approved, the company's capital problems will not be solved. "But it would be a big help," he added.

Curtiss Sought to Avoid Kennecott Board Fight

NEW YORK, March 27 (NYT)—Kennecott Copper, now embroiled in a proxy battle which threatens to unsettle its entire 17-man board, rejected an offer by Curtiss-Wright about two weeks ago to take only a token position on the Kennecott board, well-placed industry sources disclose.

At the insistence of the Securities and Exchange Commission, Curtiss-Wright made public in filings with the agency before the Easter weekend that chairman Roland Berner and executive vice-president Charles Ehinger had met on March 15 with Kennecott chairman Frank Milliken and president William Wendel.

Two days prior to the meeting requested by Mr. Berner, Curtiss-Wright disclosed it had bought a 9.9-percent stake in the copper company for some \$77 million and that it was considering waging a proxy fight and, if it won, selling off parts of Kennecott.

Mr. Berner told the Kennecott officers that Curtiss-Wright had a "flexible position" and that he was "ready to consider" how his company and Kennecott "could act together constructively toward realizing the potential values" underlying Kennecott's stock.

He added that Curtiss-Wright "would be willing to propose a joint slate of directors with (Kennecott) management on the understanding that each director would represent the interest of all shareholders, would commit to act constructively and independently and to disregard any ties to

U.S. Taxes Mildly Progressive

By Art Pine

WASHINGTON, March 27 (WP)—The progressive U.S. income tax is not the great income-leveler it is commonly thought to be.

While it does take proportionally more from wealthier taxpayers than from less-affluent ones, it has relatively little effect on income distribution.

It is only when government "transfer payments," such as Social Security benefits, welfare and other major programs, are included that the system actually shifts significant amounts of income from the rich to the poor, and even that is offset to a large degree by the impact of Social Security taxes and state and local taxes.

When all federal, state and local taxes and benefits are considered, the system is only mildly progressive.

Basic Structure Ineffective

The ineffectiveness of the federal income tax system in redistributing income stems from its basic structure:

• Although wealthier persons are taxed at higher rates than poorer ones—and pay the lion's share of the total income-tax tab—taxpayers in almost all brackets wind up with roughly the same portion of the nation's income after income taxes as before.

• While the income tax rates vary somewhat for persons in different income brackets, they are not sharply higher or lower except for those in the very top or bottom brackets—groups that may be extremely rich or poor but comprise a small proportion of the taxpayers.

• For the vast majority of taxpayers—those in the \$10,000-to-\$30,000-income bracket—the effective tax rates vary little, from a low of 9 percent to a high of 13.8 percent. Above that, the rates rise to 17, 24, 29 and 30 percent—but only 5 percent of taxpayers fall in that group.

Congressional Figures

The figures provided by the Joint Committee on Taxation show these results:

• The richest one-fourth of U.S. households—those with incomes of \$17,000 a year or higher—took home 55.5 percent of U.S. income last year.

• The poorest one-fourth of U.S. households—those with incomes of \$3,000 a year or less—took home 10.5 percent of U.S. income last year.

• The two-month growth target for M-1, cash in circulation plus checking accounts, was reduced to 1-to-6 percent from the 2.5-to-7.5 percent approved at the previous meeting Jan. 17.

The target range for M-2, which also includes most consumer-type savings accounts at commercial banks, was lowered to 4.5-to-8.5 percent from 5-to-9 percent.

The panel voted to keep the interest rate on federal funds at the prevailing 6.75-percent level, but said that if the growth of the money supply appears to move

beyond the specified ranges, the rate should be varied in "an orderly fashion" within a range of 6.5-to-7 percent.

Federal funds are overnight reserves banks lend one another, and the interest rate on them responds directly to the purchases and sales of government securities that the central bank uses to make the money supply expand or contract.

The records of the Feb. 28 meeting indicate that considerable concern was expressed at the meeting that the rate of inflation might accelerate significantly as the year progressed.

The renewed concern about inflation is driving bond prices in the U.S. market lower. "It is quite likely that we are just viewing the beginning of the market adjustment that may be in the process of unfolding," cautions Merrill Lynch Government Securities Inc.

The "inflationary situation and the problem of the dollar internationally suggest further tightening of money-market conditions by the Federal Reserve sometime in the second quarter," asserts Henry Kaufman of Salomon Brothers. It would seem that "it is merely a question of precisely when and not whether" the Fed will tighten money-market conditions in the quarter, he adds.

The department has been gradually reducing its estimate of Brazil's soybean harvest from an initial forecast of about 13 million tons because of drought and other weather problems in key producing areas.

He said the failure to implement new anti-inflation policies might force the Fed to clamp down on growth in the money supply. If there is no action by the administration or the Fed, interest rates probably will rise and the economy could contract, he said. Slowing money growth to fight inflation would drive interest rates up more and raise the threat of an even stronger contraction, he said.

He said he senses that the administration is in accord on the problems posed by inflation.

His comments, made public just as the market was closing, had little impact on the New York foreign exchange market.

Targets Cut

WASHINGTON, March 27 (AP-DJ)—The Federal Reserve's Open Market Committee pared its short-term money-supply growth targets, but did not change its target for the key federal funds rate, at its Feb. 28 meeting, due to its concern about in-

After federal income taxes, they still had 53.2 percent. All this is despite the fact that they paid 74.3 percent of all personal income taxes.

• The poorest one-fourth—wage-earners making less than \$5,000 a year—received 4.6 percent of the income. After federal income taxes, their share rose to 5.2 percent, although they paid less than 0.1 percent of personal income taxes.

• The richest 5 percent—taxpayers with incomes of \$30,000 or more—earned 22.1 percent of the income in 1977. After federal income taxes, they still had 19.7 percent of all income, including profits from the sale of stocks or other assets.

The richest 50 percent of U.S. households—those with incomes above \$10,000 a year—received 82.1 percent of all income before taxes. After taxes, they still held 80.4 percent. For the poorer half—with income below \$10,000 a year—the so-called redistributive income tax boosted their share only modestly, to 19.6 percent, from 17.9 percent before taxes.

But even this modest income redistribution is almost totally offset according to an updated study by a Brookings Institute tax analyst Joseph Minarik. Using 1977 data, he found the federal income tax burden last year for households in the \$17,000-to-\$50,000 brackets ranged between only 10-to-17 percent.

When the employee's share of Social Security payroll taxes and state and local taxes of all sorts were included, the figures showed the tax burden is proportional for most of the nation's households. Everyone in the \$8,000-to-\$50,000 categories paid roughly 30-to-32 percent of his income in taxes.

The reason is that the mild progressivity of the income tax is offset entirely by Social Security and state and local taxes, which tend to hit lower-income families proportionally harder. State and local sales and excise taxes, for example, took 3.8 percent of a \$50,000-a-year family's income in 1977, but 10.7 percent of the earnings of a \$5,000-a-year household.

Joseph Pechman, Brookings' top tax expert, says the effect of the income tax in redistributing income is small. "Substantial redistribution through the income tax system is not very popular," he notes. Other tax authorities agree.

Miller Hits Stop-Gap Dollar Support

WASHINGTON, March 27 (Reuters)—Federal Reserve Board chairman William Miller said today he opposed further "bridging actions" to support the dollar until the fundamentals affecting the currency's decline can be improved.

The fundamentals are energy policy, inflation and relative growth rates of the world's economies, he said in an interview with a small group of reporters.

By bridging actions, Mr. Miller was referring to recent joint attempts by the Fed and Treasury to smooth what they considered disorderly movements of the dollar through an increase in the swap line with West Germany, an increase in the Fed's discount rate and more active intervention in the foreign exchange market.

He said it is unlikely such measures can create a permanent improvement in the dollar.

"The thing we must do is address the fundamentals," he said. He reiterated his support for quick action to stem oil imports, including the imposition of a fee on imported oil if Congress does not approve a national energy policy within a month.

He argued for a stronger program against inflation, and added that "fighting inflation solely with monetary policy is not the best choice."

He said the failure to implement new anti-inflation policies might force the Fed to clamp down on growth in the money supply. If there is no action by the administration or the Fed, interest rates probably will rise and the economy could contract, he said. Slowing money growth to fight inflation would drive interest rates up more and raise the threat of an even stronger contraction, he said.

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Stocks Fall In Light Trading

Analysts Cite Fear Of Tightened Credit

NEW YORK, March 27 (IHT)—Prices on the New York Stock Exchange closed lower today in light trading.

Prices opened slightly higher after the 3-day weekend, but then slipped and remained lower throughout the session.

Analysts said settlement of the coal strike had already been discounted and was not much of an influence. Investors are concerned the Federal Reserve may move to further tighten monetary policy following the revision in money-supply growth, analysts said.

Analysts also said investors were expecting bad news tomorrow morning when the government issues its monthly consumer-price index.

The Dow Jones industrial average closed off 3.29 at 755.20. Volume fell to about 19 million shares from 21.29 million Thursday.

Declining issues led advances about 799 to about 554.

Superscope dropped 1 1/4 to 10 1/4, after the company reported a fourth quarter loss and predicted another loss in the current quarter.

International Business Machines fell 1/4 to 23 3/4. Merck dropped 1/4 to 48 1/4. Inland Container slipped 1 1/2 to 26 1/2. Ferro lost 2 1/4 to 35 1/4 and National Presto gave up 1 to 22 1/4.

Although the stock exchange had said last week Penn Central would resume trading today, following court approval of parent company Penn Central Transportation's bankruptcy plan, the stock did not open.

Alaska Interstate fell 1/4 to 20 1/4. Smithline 1/4 to 55 1/4. Union Camp 1 to 37 1/4. Procter & Gamble 1/4 to 75 1/4 and Arcata National 1 to 22 1/4.

Prices on the American Stock Exchange closed higher in moderate trading. The Amex market-value index gained 0.30 to 128.31.

In Chicago, soybean and grain futures rose. Nearby soybean contracts surged almost the daily allowable limit of 30 cents a bushel. Grains advanced sharply.

Markets Closed

European markets were closed Monday for the Easter holiday.

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March 28, 1978

This new establishment, subject to Egyptian law, will engage in all banking operations both in Egyptian pounds and foreign currency. It will thus help to develop Franco-Egyptian trade and strengthen the economic role of Egypt in the world. BANQUE DU CAIRE ET DE PARIS S.A.E. is further proof of the close ties between Egypt and the Arab world as a whole, with which France has enjoyed excellent commercial links for so many years.


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NYSE Nationwide Trading Closing Prices March 27

Stock	Div.	1/4	1/2	3/4	1	1 1/4	1 1/2	1 3/4	2	2 1/4	2 1/2	2 3/4	3	3 1/4	3 1/2	3 3/4	4	4 1/4	4 1/2	4 3/4	5	5 1/4	5 1/2	5 3/4	6	6 1/4	6 1/2	6 3/4	7	7 1/4	7 1/2	7 3/4	8	8 1/4	8 1/2	8 3/4	9	9 1/4	9 1/2	9 3/4	10	10 1/4	10 1/2	10 3/4	11	11 1/4	11 1/2	11 3/4	12	12 1/4	12 1/2	12 3/4	13	13 1/4	13 1/2	13 3/4	14	14 1/4	14 1/2	14 3/4	15	15 1/4	15 1/2	15 3/4	16	16 1/4	16 1/2	16 3/4	17	17 1/4	17 1/2	17 3/4	18	18 1/4	18 1/2	18 3/4	19	19 1/4	19 1/2	19 3/4	20	20 1/4	20 1/2	20 3/4	21	21 1/4	21 1/2	21 3/4	22	22 1/4	22 1/2	22 3/4	23	23 1/4	23 1/2	23 3/4	24	24 1/4	24 1/2	24 3/4	25	25 1/4	25 1/2	25 3/4	26	26 1/4	26 1/2	26 3/4	27	27 1/4	27 1/2	27 3/4	28	28 1/4	28 1/2	28 3/4	29	29 1/4	29 1/2	29 3/4	30	30 1/4	30 1/2	30 3/4	31	31 1/4	31 1/2	31 3/4	32	32 1/4	32 1/2	32 3/4	33	33 1/4	33 1/2	33 3/4	34	34 1/4	34 1/2	34 3/4	35	35 1/4	35 1/2	35 3/4	36	36 1/4	36 1/2	36 3/4	37	37 1/4	37 1/2	37 3/4	38	38 1/4	38 1/2	38 3/4	39	39 1/4	39 1/2	39 3/4	40	40 1/4	40 1/2	40 3/4	41	41 1/4	41 1/2	41 3/4	42	42 1/4	42 1/2	42 3/4	43	43 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Markets Closed
European markets were closed Monday for the Easter holiday.

U.S. \$25,000,000

Guaranteed Floating Rate Notes Due 1983

onally guaranteed as to payment of principal and interest by

The Sumitomo Bank, Limited

Daiwa Europe N.V. Sumitomo Finance International S. G. Warburg & Co. Ltd.
Banque Bruxelles Lambert S.A. Banque Nationale de Paris
The Development Bank of Singapore Limited
Union Bank of Switzerland (Securities) Limited

IBJ International

The Bank of Tokyo (Holland) N.V.

Algemene Bank Nederland N.V.	A. E. Ames & Co. <i>Limited</i>	Amex Bank <i>Limited</i>	Amsterdam-Rotterdam Bank N.V.	
Arnhold and S. Bleichroeder, Inc.	Banca Commerciale Italiana	Banca del Gottardo	Banca Nazionale del Lavoro	
Banco di Roma	Bank of America International <i>Limited</i>	Bank Julius Baer International <i>Limited</i>	Bank of Helsinki Ltd.	Bank Mees & Hope NV
Banque Continentale du Luxembourg S.A.	Banque Française du Commerce Extérieur		Banque de l'Indochine et de Suez	
Banque Internationale à Luxembourg S.A.	Banque Louis-Dreyfus		Banque de Neufize, Schlumberger, Mallet	
Banque de Paris et des Pays-Bas	Banque de Paris et des Pays-Bas (Suisse) S.A.	Banque Populaire Suisse SA <i>Luxembourg</i>	Banque Rothschild	
Banque de la Société Financière Européenne	Banque de l'Union Européenne	Barclays Bank International <i>Limited</i>	Baring Brothers & Co., <i>Limited</i>	
Bayerische Hypotheken- und Wechsel-Bank	Bayerische Landesbank <i>Girozentrale</i>	Bayerische Vereinsbank	Bergen Bank	Berliner Bank <i>Aktiengesellschaft</i>
Berliner Handels- und Frankfurter Bank	Blyth Eastman Dillon & Co. <i>International Limited</i>	Caisse des Dépôts et Consignations	Centrale Rabobank	
Chase Manhattan <i>Limited</i>	Chemical Bank International <i>Limited</i>	Christiania Bank og Kreditkasse	Citicorp International Group	Commerzbank <i>Aktiengesellschaft</i>
Compagnie de Banque et d'Investissements (Underwriters) S.A.	Compagnie Monégasque de Banque	County Bank <i>Limited</i>	Credit Commercial de France	
Crédit Industriel et Commercial	Crédit Lyonnais	Credit Suisse White Weld <i>Limited</i>	Creditanstalt-Bankverein	Daiwa Securities (H.K.) <i>Limited</i>
DBS-Daiwa Securities International <i>Limited</i>	Den Danske Provinsbank A/S	Den norske Creditbank	Deutsche Girozentrale — Deutsche Kommunalbank —	
DG BANK Deutsche Genossenschaftsbank	Dillon, Read Overseas Corporation	Dominion Securities <i>Limited</i>	Dresdner Bank <i>Aktiengesellschaft</i>	Effektenbank-Warburg <i>Aktiengesellschaft</i>
Euromobilare S.p.A.	European Arab Bank (Brussels) S.A.	European Banking Company <i>Limited</i>	First Boston (Europe) <i>Limited</i>	First Chicago <i>Limited</i>
Robert Fleming & Co. <i>Limited</i>	Fuji International Finance <i>Limited</i>	Gefina International Ltd.	Genossenschaftliche Zentralbank AG <i>Vienna</i>	
Girozentrale und Bank der österreichischen Sparkassen <i>Aktiengesellschaft</i>	Goldman Sachs International Corp.		Groupement des Banquiers Privés Genevois	
Hamrbro Bank <i>Aktiengesellschaft</i>	Hessische Landesbank <i>Girozentrale</i>	Hill Samuel & Co.	E. F. Hutton & Co. N.V.	Istituto Bancario San Paolo di Torino
Jardine Fleming & Company <i>Limited</i>	Kidder, Peabody International <i>Limited</i>	Kjøbenhavns Handelsbank	Kleinwort, Benson <i>Limited</i>	Kredietbank N.V.
Kredietbank S.A. Luxembourgaise	Kuhn Loeb Lehman Brothers Asia	Lazard Brothers & Co., <i>Limited</i>	Lazard Frères et Cie	
Lloyds Bank International <i>Limited</i>	London & Continental Bankers <i>Limited</i>	Manufacturers Hanover <i>Limited</i>	Merrill Lynch International & Co.	
Samuel Montagu & Co.	Morgan Grenfell & Co. <i>Limited</i>	Nederlandsche Middenstandsbank N.V.	New Japan Securities Europe <i>Limited</i>	
The Nikko (Luxembourg) S.A.	Nippon European Bank S.A.	The Nippon Kangyo Kakumaru Securities Co. Ltd.	Nomura Europe N.V.	
Nordic Bank	Sal. Oppenheim jr. & Cie.	Orion Bank <i>Limited</i>	Österreichische Länderbank	Oversea-Chinese-Banking Corporation <i>Limited</i>
Pierson, Heldring & Pierson N.V.	Postipankki	Privatbanken <i>Aktiabank</i>	Richardson Securities of Canada (U.K.) Ltd.	Rothschild Bank AG
N. M. Rothschild & Sons <i>Limited</i>	Salomon Brothers International <i>Limited</i>	Sanyo Securities Co., Ltd.	J. Henry Schroder Wagg & Co. <i>Limited</i>	
Singapore Nomura Merchant Banking <i>Limited</i>		Skandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co. <i>Incorporated</i>	
Société Bancaire Barclays (Suisse) S.A.	Société Générale	Société Générale de Banque S.A.	Sparbankernas Bank	

(An international call means business.)
"Long Distance is the next
best thing to being there."

INTERNATIONAL SECURITIES FUND S.A.

NOTICE OF CONVOCAATION

The annual general meeting of Shareholders of International Securities Fund will be held at the registered office of the Corporation, 14 Rue Aldringen, Luxembourg on April 6th 1978, at 3 p.m. to deliberate the following.

AGENDA

- 1) Report of the Board of Directors and of the Statutory Auditor;
- 2) Presentation of the balance sheet and profit and loss account as at December 31, 1977;
- 3) Discharge of duties of the Board and of the Statutory Auditor;
- 4) Elections to Office;
- 5) Miscellaneous.

Resolutions relative to the agenda of the ordinary general meeting do not require a special quorum and will be deemed valid if voted upon by a majority of the Shareholders present or represented. No Shareholder, either on his own account or in the capacity of proxyholder, may participate in votations for a number of shares in excess of one fifth of the issued shares of the Corporation or in excess of two fifths of the number of shares represented at that meeting.

Participation in the aforesaid general annual meeting will be open to Shareholders who have deposited their shares not less than five days prior to the date of meeting either at the registered office of International Securities Fund or at one of the following banks:

BANCO DI NAPOLI
Via Toledo 177 - NAPOLI (Italy).

BANQUE GENERALE DU LUXEMBOURG
14 Rue Aldringen - LUXEMBOURG (Luxembourg)

THE BOARD OF DIRECTORS

NEW YORK, March 27 (AP)—It appears likely that Algeria and Tunisia will

part way toward bringing their official crude-oil selling prices in line with depressed market conditions, Petroleum Intelligence Weekly (PIW) reports.

Price cuts on premium grades of light, low-sulfur crude are expected to run from 5 cents to 10 cents a barrel in Libya, about 15 cents in Algeria, and roughly 20 cents in Nigeria, according to the publication.

The price moves for the second quarter should be decided in a few days if the producing nations follow the negotiating timetables set forth in their contracts.

The moves eliminate some of the big price disparities among the three African states, but on the whole they are not enough to bolster lagging oil output in the face of weak demand and competition from new North Sea and Alaskan oil, PIW said.

The biggest price cuts in Nigeria and Algeria put their crude oils into closer proximity with Libya's, narrowing the earlier 76-cent spread among African premium crude prices to about 50 cents.

Price cuts of 70 cents to 1.00 cents a barrel would be necessary for African crudes to begin to compete with Mideast grades and generate a strong recovery in

The African states have been feeling a tight financial squeeze due to output reductions, price cuts, and weakness of the dollar. This has made price cuts more a political issue than a simple one.

**CLAIRE STERLING
ON ITALIAN POLITICS**

Information 115

international Herald Tribune
We've got news for you.

NEW YORK, 27 March

Cash prices in primary markets as registered today in New York were:

Commodity and unit

Mon Year Ago

FOODS

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U.S. Commodity Prices

COPPER (36,000 lbs. conts per lb.)

Mar 59.50 60.20 59.20 60.30 +1.00

Apr 60.10 61.10 60.10 61.20 +1.10

May 60.30 61.30 60.30 61.40 +1.10

Jun 60.50 61.50 60.50 61.60 +1.10

Jul 60.70 61.70 60.70 61.80 +1.10

Aug 60.90 61.90 60.90 62.00 +1.10

Sep 61.10 62.10 61.10 62.20 +1.10

Oct 61.30 62.30 61.30 62.40 +1.10

Nov 61.50 62.50 61.50 62.60 +1.10

Dec 61.70 62.70 61.70 62.80 +1.10

Jan 61.90 62.90 61.90 63.00 +1.10

Feb 62.10 63.10 62.10 63.20 +1.10

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NEW YORK FUTURES

March 27, 1978

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Kentucky Faces Duke

NCAA: Muscle vs. Finesse

By David Dupree

ST. LOUIS, March 27 (AP)—Kentucky's muscle and Duke's finesse will be tested in the championship final of the National Collegiate Athletic Association basketball tournament.

NCAA Scouting Report

NEW YORK, March 27 (NYT)—Following is a scouting report on the two teams of Duke University and the University of Kentucky, which will play for the championship of the National Collegiate Athletic Association.

KENTUCKY

Kentucky has been ranked No. 1 most of the season. After watching the Wildcats play, you can easily see why. They are big, strong, well coached and difficult to score against. They are an excellent rebounding team, crashing the offensive board aggressively and clearing the defensive board through excellent positioning.

The fast break is an important part of their attack. They have excellent big men, so they attempt to get the ball to them as much as possible. When this phase of their game is stymied, they rely on their fine outside shooting.

Team Defense

The Wildcats play an aggressive man-to-man pressure defense. They will attempt to take away your outside game, knowing that anyone who penetrates must contend with their huge front line. Against Arkansas, they pressured everyone, harassing the passer and overplaying the men closest to the ball. Defense was the key to their victory.

Regardless of the defense used, the Kentucky squad will not give up many second shots, because it rebounds so well.

Team Offense

Kentucky runs a powerful fast-break attack. Since the Wildcats usually dominate the defensive board, they have ample opportunities to run, and they are effective.

Against a man-to-man defense, they make maximum use of their personnel. They put their superb perimeter shooters outside, and their two big men in a stack close to the basket. One of the big men breaks up high, and the other stays low. If the ball goes to the man at the high post, he can feed the low post, shoot or feed one of the outside shooters. It is difficult to help out against Kentucky's big men, because they simply feed the ball back out to a great shooter.

If Duke plays zone in the final, Kentucky will operate against it from a one-three-one formation or a two-three, utilizing quick passing, movement through the zone and out the opposite side, and screens. Regardless of the specifics, there will be no variation in the theme: a search for the open man and the good shot.

DUKE

When Bill Foster went to Duke in 1974, the school had fallen so far behind the rest of the Atlantic Coast Conference that there was a distinct possibility that he was taking on an insurmountable challenge. Now, in only four years, he has led his Blue Devils to the National Collegiate final. They take a beautiful blend of talent to the championship game. They are a young team, just beginning to attain greatness. They move the ball quickly and are always willing to pass to an open teammate. They play the entire game in high gear, and at times their pace is breathtaking. Foster does a superb job mixing his defenses, constantly attempting to disrupt the tempo of the opposition. Whatever defense is used, it is played with intensity and hustle.

Team Defense

Duke plays man to man, a variety of straight zones, and a combination out of a one-three-one formation. The combination starts from a zone and uses zones slides but constantly matches up man to man depending on the deployment of the offense.

Duke's is an intelligent defense. It is difficult to master, but when done well, it poses great problems for the offense. With the one-three-one not working against Notre Dame, Duke went to a two-three zone. The Devils play this with quickness, helping one another if there is a lapse and then recovering to normal individual zone responsibilities. Duke will probe on defense, trying several forms, seeking to disrupt tempo. If one is particularly successful, the Devils will stay with it.

Team Offense

Duke will run every time it has the ball. The Blue Devils break even after a basket or a successful foul shot.

Their primary offense when the break is not productive is a passing game. They have variations of this attack, but many times will set up one-three-one.

The basis of the Duke game is running. The Blue Devils hustle on defense, get the ball and then run, run, run. For any opponent, it is imperative to try to take the fast break away from them. How do you do this? Crash only two men on the offensive board, leaving three men back to defend. To take away something, you must give something up. Giving up the few rebounds that your third big man might get is not a heavy price to pay if you curtail the break.

more (one of them only 18 years old), and a junior. The last few seasons have been lean ones for the Blue Devils and they were supposed to be a team of the future, not of the present.

Kentucky, however, has been the top team all year, picked No. 1 before a game was played. The Wildcats are a big, veteran team and the tradition-rich basketball school made it to the NCAA final as recently as 1975.

Nothing to Sweat

Duke has nothing to lose. The Blue Devils are cocky enough to feel that it is a sure thing that they will be back again next year and probably for years after that. They don't have a care in the world and they act and play like it.

All of the pressure is on Kentucky.

"From the first day the season started, we've heard 10,000 times a week that we are supposed to be the next national champions, and that's a lot of pressure to live with," said the Kentucky coach, Joe Hall.

"We can feel the pressure, but I think it has made the tournament a little easier for us," said forward Rick Robey. "We're used to everything now."

After their semifinal victories Saturday, both teams stuck to character. Duke had a victory celebration right there at midcourt while Kentucky ran to the section of its dressing room.

"We haven't celebrated all year after a win," said Hall. "We want to win it all and then celebrate."

One Goal in Mind

"We've told ourselves all year long that we aren't going to be happy until we win it all," said Robey. "And that's what we've been working for."

"Duke is young and playing with youthful exuberance. They are slapping people on the back and hugging each other a lot. That's fine, but we aren't that way. We just take a different approach. We played and acted like they do when we were freshmen, but we aren't freshmen anymore. We're having fun, but we just take things a little more serious."

"We've been thinking national championship all year long. As a result, we may not have enjoyed ourselves as much as we could have during the season, but we will enjoy it the rest of our lives if we win."

Duke is loving every minute of the entire experience.

"Our enthusiasm is just great to be around," said coach Bill Foster. "We've had our ups and downs, but we've always stuck together. I love the enthusiasm part of our play and I just hope we can keep it up. It's a big part of our success."

A Quick Surprise

Kentucky (29-2) beat Arkansas, 64-59, in the semifinals with Jack Givens scoring 23 points and getting 9 rebounds. The Wildcats surprised the Razorbacks with their quickness and used it to push Arkansas out of its offense.

Duke (27-6) got 29 points from Mike Gminski, 12 and 12 rebounds from Eugene Banks and 20 points from Jim Spanarkel to beat Notre Dame, 90-86, in the other semifinal.

Duke, the best free-throw shooting team in the nation won the game at the foul line by making 32 of 37 foul shots.

Spring Training

Ex-Battlers on Giants Unite to Produce Victory

MIAMI, March 27 (AP)—John Montefusco and Bill Madlock, who had a clubhouse scrap early in spring training, pooled their talents yesterday and led the San Francisco Giants to a 3-1 exhibition baseball victory over the Milwaukee Brewers.

Montefusco became the first Giant hurler to pitch seven innings and Madlock hit a home run.

In other Grapefruit League games, the Los Angeles Dodgers posted their fourth consecutive triumph, beating the Houston Astros, 12-1, as Steve Garvey drove in four runs and Barry Hooton worked six innings, allowing three hits and an unearned run.

The New York Yankees cruised for six runs in the bottom of the ninth inning to beat the New York Mets, 9-6, and snap a four-game losing streak. With two out and a runner on first, Roy White

ANN ARBOR, Mich., March 27 (AP)—Bob Lanier, the center and captain of the National Basketball Association's Detroit Pistons, has undergone a brief operation on his left knee. It is uncertain if he will be back in uniform this season, even if Detroit wins a playoff berth.

The 6-foot-11 Lanier was averaging 24.5 points a game, eighth best in the NBA, when he was sidelined. He is expected to be on crutches about 10 days before beginning a rehabilitation period.



Muhammad Ali

Kuhn Says A's Transfer Deal Is Off

NEW YORK, March 27 (AP)—Baseball officials are terminating efforts to transfer the Oakland A's franchise to Denver and are prepared to play this season with two franchises in the San Francisco-Oakland area, Commissioner Bowie Kuhn said today.

Until the end of last week, it appeared that the A's would be sold by Charles Finley to Marvin Davis and be transferred to Denver. But the deal broke down on Friday. After a weekend of trying to piece it back together, baseball officials are pulling out of the negotiations, Kuhn said.

Finley had agreed to pay \$1 million to settle the 10 remaining years on his stadium lease in Oakland, leaving a balance of \$2.25 million due. Baseball officials had insisted that the A's owner pay \$2 million. He balked at that figure, but Kuhn said that money was no longer a question.

"We have told him that other matters must be worked out but that the money is not a problem," the commissioner said. "The other considerations are blocking the transactions."

According to Kuhn, those considerations include the absence of a formal sale agreement with Davis. Also, baseball officials had asked that Finley cover any legal costs, indemnify professional baseball against any claims arising from the transfer and waive any future litigation against baseball.

Major league franchise owners had hoped to be able to resolve the financial problem that prevented the A's from moving to Denver, said Bob Kennedy, general manager of the Chicago Cubs.

He said that he had thought that there was a possibility the owners could collect more to pay the \$1 million they have agreed to pay to help the A's out of their lease.

Kennedy's idea, which he said he discussed with Buzze Bavasi, general manager of the California Angels, was to have the 26 major league owners contribute about \$7,000 each for seven years to make up the difference.

The morning after the Norton fight, Herbert Muhammad went to the bank and produced a late edition of The New York Times, which carried a story of the fight. Satisfied that the fight had indeed taken place, the bank then transferred the funds to the appropriate accounts.

"Herbert takes a third," said Burke. "Just as any other fight manager does. The money is deposited."

And So, He Continues to Fight \$50 Million Later, Ali Still Needs Money

By Gerald Eskarazi

NEW YORK, March 27 (NYT)—After earning about \$50 million — more than \$45 million in the last eight years — Muhammad Ali must continue to fight because, quite simply, he cannot afford to live in the style to which he and his friends have become accustomed.

"I gave most of my money away," Ali admitted in an interview. "I gave away more than I have."

Despite this extraordinary income — to be supplemented by an additional \$5 million shortly when he signs to fight Leon Spinks — he has had continual difficulties over money.

A few months ago, the Internal Revenue Service telephoned the Ring Record Book, the so-called bible of boxing, and asked the editor, Nat Loubet, how much money Ali has earned.

Needed It for Taxes

Last year, according to Mike Burke, president of Madison Square Garden, Ali demanded \$3 million to fight Ernie Shavers because, said Burke, "he couldn't pay his 1976 income taxes without it." Ali's business adviser believes the former champion "is the single largest taxpayer in the United States."

Ali also lost "several million dollars," said his adviser, Eugene Dibble of Chicago, in an international trading company that had been established to salvage a failing real estate interest.

Over the years he has been plagued by repeated lawsuits, including some over alimony. His first wife's settlement amounted to more than \$200,000, while his second wife will receive more than \$2 million.

Yet Ali, strictly speaking, remains a millionaire. One of his friends and advisers, John Y. Brown — who made his fortune by buying a chicken franchise from a bearded Kentuckian named Colonel Sanders — says that Ali has about \$3 million in certificates of deposit. That would yield about \$200,000 a year in interest.

But millions more have been spent, incredible millions, with no receipts available and none asked for.

Out On the Town

One night Ali asked Brown to accompany him to a Chicago night club. During the evening Ali asked a member of his entourage to sing. When the performance ended, Ali slipped the man a \$1,000 bill.

"Yes, Ali could clip coupons on his bank account from now to eternity," said his Chicago-based lawyer, Charles Lomax. "But he could not support the 50 people that are always around him. He could not live like he does now."

The major portion of his income went to pay taxes and to pay his managers.

A typical disbursement was his fight in September, 1976, at Yankee Stadium with Ken Norton. A \$6-million guarantee was placed in a Chicago bank. According to the contract, 33 1-3 percent, or \$2 million, was advanced immediately for Herbert Muhammad, his manager.

Of the remaining \$4 million, half was earmarked for the government and taxes (the maximum tax on earned income is 50 percent). Thus, Ali received \$2 million.

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"Herbert takes a third," said Burke. "Just as any other fight manager does. The money is deposited."

Giants Fining Blue For Leaving Camp

SUN CITY, Ariz., March 27 (UPI)—The San Francisco Giants are getting back — from pitcher Vida Blue — some of the approximately \$400,000 they paid to the Oakland A's to get him.

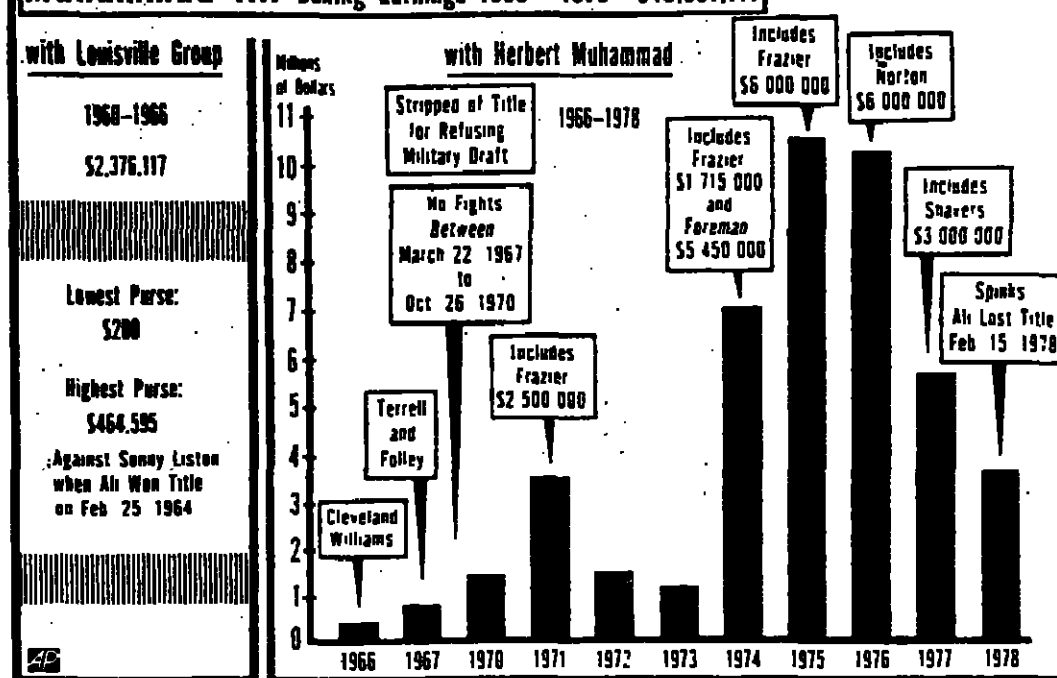
The left-hander, acquired from the A's in exchange for seven players and cash, is being fined \$500 a day for his absence from the Giants camp here. Blue has practiced only once with San Francisco and Giant officials admit they have no notion of his whereabouts — since he left the spring training site.

Blue's agent is attempting to renegotiate the pitcher's reported \$180,000 annual contract, which has two years remaining.

Poles Win in Hockey

BEograd, March 27 (AP)—Foland, which posted a 6-0-1 record, won the Group B World Ice Hockey Tournament and advanced into the A Group. Japan finished second in the tournament and also moved into the A Group.

Muhammad Ali Boxing Earnings 1960-1978 \$48,951,117



posited into a Chicago bank account bearing his name. It does not go to the church, as many people apparently believe. Herbert's late father was Elijah Muhammad, founder of the so-called Black Muslim movement, of which the former champion is a member.

Taken at the Source

"On Ali's share of purse money," said Dibble, "half goes immediately to the IRS. Ali is probably the only person who pays all his taxes immediately."

Thus, Ali wound up actually receiving about one-third of the \$50 million he has earned.

"Why are people so interested in how much money I have?" Ali asked when questioned about his finances. "It's because we were once slaves. But no one asks Howard Hughes or Onassis, rich white people, how they did it."

Of course, neither of those billionaires flaunted his wealth the way Ali flaunts his.

In 1975 he promised, for example, to donate \$100,000 to the National Association for the Advancement of Colored People when a legal judgment was reached against that group.

He also said at the time he would donate the profits from his future rights to various black charities.

"It's a joke," said Denton Watson, an NAACP official in New York. "He never gave us the money."

"I'm sure Ali made the promise without understanding the bite of Uncle Sam," said Lomax. "That always takes you back to reality."

He Did His Job

Lomax is a former counsel for the IRS and was hired by Herbert Muhammad to bring tax-exempt status to the Muslim's Chicago headquarters. He succeeded.

Ali also has boasted about his considerable property. But his holdings in Virginia were, according to Dibble, "mismanaged."

And in 1976 Ali put up for sale his 80-acre home in Berrien Springs, Mich. The asking price: \$1.5 million.

The county tax assessor said that the property was assessed at \$75,792. To ascertain the market value, said the assessor, double that figure. Thus, it can bring about \$150,000.

Ali also owns a Chicago mansion; a sprawling woodland in Deer Lake, Pa., where he often rains; and commercial property in Florida, Pittsburgh, Virginia and Kentucky.

Ali's sometime-promoter is Don King, the flamboyant former convict who produced a \$2.75 million payday for Ali against an Alfredo Evangelista.

"Ali's got a costly personality," explained King. "I don't think he's got any tax shelters at all. I don't think he's been handled properly — he pays 50 percent of everything to the government."

Ali also spends a considerable share of his fight purse on his entourage — beyond the \$250,000 or so that the promoters provide.

"The drivers, the messengers, the bodyguards," as Dibble describes them along with his train-

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